Crown Investments Corporation
of Saskatchewan

ANNUAL REPORT
2009

Crown Investments Corporation of Saskatchewan (CIC) is the
financially self-sufficient holding company for 11 subsidiary commercial Crown corporations

CIC

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ANNUAL REPORT

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TABLE OF CONTENTS

Letter of Transmittal	1
Minister's Message	2
President's Message	3
Corporate Profile	5
Oversight of the Crown Sector	12
The Year in Review and Looking Ahead	16
Performance Measurement	21
Governance	29
Introduction to CIC's Financial Reporting	35
CIC Consolidated	43
CIC Non-Consolidated	127
Glossary	146
Directory	149

Regina, Saskatchewan
March 23, 2010

To His Honour
The Honourable Gordon Barnhart
Lieutenant Governor of the Province of Saskatchewan

Sir:

I have the honour to submit herewith the thirty-first Annual Report of Crown Investments Corporation of Saskatchewan for the year ended December 31, 2009 in accordance with *The Crown Corporations Act, 1993*. The Consolidated and Non-Consolidated Financial Statements included in this Annual Report are in the form approved by the Treasury Board and have been reported on by our auditors.

I have the honour to be, Sir,

Your obedient servant,

June Draude
Minister responsible for Crown Investments Corporation

It is an exciting, albeit, challenging time in our Crown sector for CIC and its subsidiary Crown corporations as the demand for services grows and the global economy slowly begins to rebound.

CIC provided an above average dividend of $755 million to the General Revenue Fund in 2009, made possible by the Saskferco and New Grade sale proceeds. Despite the high dividend, the Crowns invested in an unprecedented capital program to upgrade infrastructure and keep pace with growing demands, led by SaskPower, SaskTel and SaskEnergy. The capital program also helped stimulate the Saskatchewan economy during the economic slowdown.

In light of the economy and the increased dividend, the many accomplishments in 2009 are both encouraging and remarkable. For example, SaskPower completed construction on two new gas fired generating plants at Ermine and Saskatoon and continued construction on a final gas plant located near North Battleford. SaskEnergy again saw a net increase in customers in 2009, this time by nearly 5,000. Since the transfer of the Vital Statistics Registry to ISC, turnaround times related to Vital Statistics have been cut in half.

Saskatchewan Gaming Corporation and SaskTel became the first Canadian government agencies to join The Climate Registry, a voluntary emission reporting and tracking system to measure greenhouse gas (GHG) emissions consistently across industry sectors and borders. This is part of the CIC Crown Sector Carbon Footprint project which will be rolled out to the rest of the sector as we work to further reduce GHG emissions.

The Crown sector also made operational efficiency a priority to help improve services and reduce costs and have delivered on many specific efficiency initiatives. These include the amalgamation of similar or overlapping Crown activities/services, sale of non-core assets and the wind up of Crowns such as Investment Saskatchewan. CIC also implemented a tighter review process in 2009 for capital tenders, Requests for Proposals, and vehicle purchases.

The priority for CIC and the Crown sector looking ahead remains unchanged: to ensure that Saskatchewan's Crown corporations remain publicly owned and provide high quality services at a low cost. This government is committed to investing in Crown infrastructure, keeping rates low, and meeting the record demands for services from our Crowns.

As you will see in this report, our Crown sector is resilient and healthy, positioned to meet the challenges and opportunities of the coming years.

I am pleased to present CIC's 2009 Annual Report.

June Draude

June Draude
Minister responsible for Crown Investments Corporation

The Crown sector responded with resilience to the global economic recession in 2009, as CIC and its subsidiaries managed to continue posting positive earnings.

CIC and its subsidiary Crowns posted strong operating results for 2009. On a consolidated basis, CIC earned $348.7 million and provided the General Revenue Fund with a dividend of $755 million. Although the net Crown earnings are down from the record level in 2008, most of that result was from the one-time sale of Saskferco. In 2009, earnings from ongoing operations were $15.9 million higher than in 2008.

The debt-to-equity ratio remained financially prudent at 47.6 per cent.

The wind-down of Investment Saskatchewan began in 2009. Its former operations merged with CIC as CIC Asset Management Inc. CIC is the sole shareholder and will administer the wind-down and sale of the remaining assets. In addition, the Saskatchewan Government Growth Fund (SGGF) was dissolved in early 2009 with the remaining assets to be sold and returned to the original immigrant investors in 2010.

The vision of the Crown sector remains to provide Saskatchewan people with the best possible service while contributing to the growth of the province. Meeting this goal was a challenge in 2009 as Saskatchewan led the country in both population and job growth, but the Crown sector kept pace by fulfilling the increased infrastructure and service needs of the province.

During 2009 SaskTel released its plan to provide 100 per cent high speed internet coverage and 98 per cent wireless coverage to the province by 2012. SaskPower continued to increase its generating capacity with more environmentally friendly gas plants to help meet increasing demand. In 2009, SaskPower, SaskEnergy and SaskTel cumulatively invested over $1.2 billion in utility infrastructure in Saskatchewan.

Looking ahead, the Crown sector remains focused on providing low-cost, quality services to Saskatchewan people. Investment in infrastructure, increasing employment opportunities in the sector for youth and Aboriginal people, adopting environmentally sustainable business practices, investing in Saskatchewan businesses and increasing efficiency continue to be key priorities.

I would like to thank the staff at both CIC and the subsidiary Crowns for their hard work in 2009. We look forward to continued success in the Crown sector, and a prosperous, vibrant future.

Ron Styles
President and CEO

CIC
Crown Investments Corporation of Saskatchewan

ANNUAL REPORT
2009

CORPORATE OVERVIEW

CORPORATE PROFILE
Vision, Mission and Values 5
CIC's Executive 6
CIC's Operating Divisions 7
CIC's Operating Principles 8
Corporate Social Responsibility 9

OVERSIGHT OF THE CROWN SECTOR
CIC, The Holding Company 12
Promoting Best Practices in Governance 12
Benchmarking Governance and Corporate Disclosure 13
Strategic Direction and Performance Management 14
Saskatchewan Rate Review Panel 15

THE YEAR IN REVIEW AND LOOKING AHEAD
Highlights of 2009 16
Looking Ahead 18
Diversity and Building for the Future 19
Environmental Sustainability 19

PERFORMANCE MEASUREMENT
CIC, A Crown Corporation 21
CIC's Performance Measurement 21
Balanced Scorecard Perspectives 21
Balanced Scorecard Performance Indicators 22
CIC's 2009 Balanced Scorecard and 2010 Outlook 22
Looking Forward – CIC's Strategic Priorities for 2010 28

GOVERNANCE
Board of Directors 29
Conflict of Interest / Code of Conduct 32
Evaluating of CIC's Governance Practices 33
Finance and Public Accountability Structure 33

❖ CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN (CIC)

CIC is the province's holding company for 11 subsidiary commercial Crown corporations. As of December 31, 2009 the subsidiary Crown corporations include:

- Saskatchewan Power Corporation (SaskPower)
- Saskatchewan Telecommunications Holding Corporation } collectively SaskTel
- Saskatchewan Telecommunications
- SaskEnergy Incorporated (SaskEnergy)
- Saskatchewan Water Corporation (SaskWater)
- Information Services Corporation of Saskatchewan (ISC)
- Saskatchewan Government Insurance (SGI)
- Saskatchewan Gaming Corporation (SGC)
- Saskatchewan Opportunities Corporation (SOCO)
- Saskatchewan Development Fund Corporation (SDFC)
- Saskatchewan Transportation Company (STC)

CIC's roots are in The Government Finance Office (GFO), which was established in 1947. The GFO's role was to act as a holding company for many of Saskatchewan's Crown corporations and to be a mechanism for developing broad policy control, directing investment, and routing dividends into the Provincial Government's consolidated fund. In 1978, the GFO was renamed Crown Investments Corporation of Saskatchewan. *The Crown Corporations Act, 1993*, is the current governing legislation.

❖ CIC'S VISION, MISSION AND VALUES

VISION

To be the corporate leader, guiding and inspiring the most innovative Crown sector in Canada.

MISSION

As the holding company, we deliver strategic shareholder direction to Saskatchewan's Crown corporations, and pursue initiatives that contribute to Saskatchewan's economic success.

VALUES

Integrity
We are trustworthy, respectful of others, and accountable. We honour our commitments and conduct our business ethically.

Social Responsibility
We demonstrate good corporate citizenship through volunteerism, diversity, sponsorship and environmental responsibility.

Excellence
We hold ourselves to the highest business standards, striving to achieve our full potential and inspiring others to attain theirs.

Leadership
We provide guidance and inspiration, valuing the contributions of our employees and partners. We work together to achieve our common objectives.

CIC'S EXECUTIVE

RON STYLES

President and CEO

Ron Styles has a Master of Economics and 30 years of service with the Government of Saskatchewan, and he has been at CIC since 2006. His previous positions include Deputy Minister of Finance, Deputy Minister of Highways, President of Saskatchewan Housing Corporation and President, SaskWater. Ron has also been a member of several professional associations and served on numerous boards.

BLAIR SWYSTUN

Senior Vice President, Finance and Chief Financial Officer

Blair Swystun is a Chartered Financial Analyst and has a Master of Business Administration. He has 27 years of Government experience and has been at CIC since 1996. His public service career also includes various positions at Saskatchewan Finance. Blair has served on numerous boards and maintains memberships in several professional affiliations.

DOUG KOSLOSKI

Vice President, Human Resources, Policy and Governance, and General Counsel

Doug Kosloski has a Bachelor of Laws, Bachelor of Commerce and Arts, and 15 years of service with the Government of Saskatchewan. Doug worked at Environment and Resource Management and practiced law before joining CIC in 1998 as Legal Counsel. He has served on numerous boards and committees throughout his career.

IAIN HARRY

Vice President, Crown Sector Initiatives

Iain Harry holds a Bachelor of Arts in Political Studies and has almost 20 years of experience in public policy and communications at the municipal, provincial and federal levels. He joined CIC in 2008.

RAE HAVERSTOCK

Vice President, Asset Management

Rae Haverstock has a Bachelor of Education with majors in economics and accounting, and 35 years of experience with the Government of Saskatchewan. Prior to joining CIC Asset Management Inc. in 2008, Rae held senior management positions in the Capital Markets Branch and Treasury Board Branch of Saskatchewan Finance. He was also General Manager of the Saskatchewan Municipal Financing Corporation.

Executive Compensation

Each of these five executives receives a comprehensive group benefits package and are eligible for an annual short-term incentive program, in addition to their base pay.

Additional information on Executive Compensation is available in the annual Payee Disclosure Report for CIC and its Subsidiary Crowns that is tabled with the Crown and Central Agencies Committee. The reports are available at:

http://www.cicorp.sk.ca/2009_reports.html

Executive compensation information is also filed with the Clerk of Executive Council and available upon request to the public.

❖ CIC'S OPERATING DIVISIONS

At year end of 2009, CIC had 72 employees in its six divisions: President's Office; Finance and Administration; Human Resources, Policy and Governance; Crown Sector Initiatives; Asset Management; and Capital Pension and Benefits

Presidents Office

Ron Styles, President and CEO

This division is responsible for the overall direction of CIC. It includes the President's office as well as the Communications and Human Resources units.

Finance and Administration Division

Blair Swystun, Senior Vice President, Finance and Chief Financial Officer

The Finance Administration Division provides analysis and recommendations to the CIC Board on a wide range of Crown sector business issues. Specifically, the division provides:

- Strategic shareholder direction to the Crown sector and internal corporate planning;
- Oversight of Crown corporation performance management and capital allocation plans;
- Sector-wide financial reporting and forecasting;
- Management of CIC's budget and financial transactions, including cash and debt positions;
- Internal audit function for smaller subsidiary Crown corporations; and
- Corporate administrative support and information technology services including electronic data, e-mail and network security services.

Human Resources, Policy and Governance Division

Doug Kosiosk, Vice President and General Counsel

The Human Resources, Policy and Governance Division provides legal services to CIC, strategic advice, analysis and support on human resource and broad policy issues to the CIC Board and Management. As well, this division provides corporate secretariat services to the Crown Boards, together with leading edge training and development to Crown board members.

Crown Sector Initiatives Division

Iain Harry, Vice President

The Crown Sector Initatives Division supports CIC's mission to enhance the province's long-term economic growth and diversification. The division acts as a catalyst for coordinating or assisting with strategic economic development projects within the CIC Crown sector which require co-ordination with executive government, line departments, commercial Crown corporations, external agencies and/or the private sector.

Asset Management Division

Rae Haverstock, Vice President

The Asset Management Division's mandate is to prudently manage and divest an existing portfolio of investments on behalf of the Province that optimizes financial and public policy outcomes.

Capital Pension and Benefits Administration

Ken Klein, Executive Director

CIC has an oversight and sponsorship role as it pertains to Capital Pension & Benefits Administration.

The Capital Pension & Benefits Administration Division manages and administers the multi-employer Capital Pension Plan and group benefits program in accordance with the applicable regulations and laws. It is also responsible for holding, in trust, the pension plan's funds for the benefit of members and any other persons entitled to benefits pursuant to the plan.

CIC'S OPERATING PRINCIPLES

CIC's Corporate Charter

CIC's corporate charter is a set of clear guidelines that defines expectations of CIC employees to work together, guides their behavior and clarifies their obligations and responsibilities. During 2002 all CIC employees participated in developing CIC's Corporate Charter, putting into their own words CIC's defining principles and team expectations. CIC's Corporate Charter is designed to encourage and reinforce teamwork, cooperation, high productivity and effective decision-making.

CIC's Corporate Charter embraces the following guiding principles:

Guiding Principles for CIC's Corporate Charter

Democratic Principles	Professional Principles	Ethical Principles	People Principles
We abide by our responsibilities as established in *The Crown Corporations Act, 1993* and assist Ministers in serving the common good.	We are committed to: • excellence and merit; • providing objective and impartial advice to the Government; and, • serving the people of Saskatchewan.	Honesty, integrity, and courage guide our actions and decisions. We work to achieve the goals of the Corporation and enhance its reputation in the Saskatchewan and global community.	We trust our colleagues, respect their needs and aspirations, recognize their contributions and commit to working as a team in fulfilling the Corporation's goals and objectives; we draw strength and creativity from the diversity of Saskatchewan society.

CIC's Corporate Policies

CIC operates under a complete and regularly updated set of corporate policies and procedures. All new employees receive an employment orientation and access to the policy manual, as they are required to familiarize themselves with all corporate policies.

As part of CIC's CEO/CFO certification process, CIC has introduced an annual policy compliance review and sign-off process. This process requires all employees, including new employees at time of hire, to annually confirm in writing that they have read, understand and agree to comply with the following policies:

- Conflict of Interest
- Code of Conduct
- Personal Information Privacy
- Internet, E-mail and Computer Use
- Anti-Harassment

❖ CORPORATE SOCIAL RESPONSIBILITY

CIC Employee Committees

CIC has established several committees composed of staff members who volunteer their time and effort to support corporate and employee initiatives. The current CIC committees are:

Environmental Stewardship Committee: This committee reviews and monitors current internal environmental practices including the recycling programs for paper, cans and batteries. It also investigates corporate best practices and considers new environmental programs for CIC to reduce its environmental footprint.

Awards & Recognition Committee: The CIC Awards & Recognition Committee was struck to research and develop for the first time, Employee Recognition Programs for CIC employees. Two programs recently implemented include the "Long Service Awards" Program and the "Above and Beyond" Program.

Wellness Committee: The CIC Wellness Committee identifies health and wellness needs and concerns among CIC staff. To assist employees in their quest to become healthier, smarter and fit, this Committee has developed a "Lunch & Learn" program. The program offers informative sessions covering a wide variety of topics of interest (i.e. Nutrition & Exercise; Walking Clinic; Rush Hour Cooking; Relaxation and Stress Management through Yoga and T'ai Chi).

Social Committee: The CIC Social Committee is comprised of staff volunteers who will strive to improve employee morale, foster good employee relations and organize events to benefit employees or others in need. The CIC Social Committee participates yearly in the Salvation Army's "Adopt-a-Family" Program by sponsoring five to six families. This program provides families in need with a Christmas turkey dinner complete with all the trimmings and gifts for each member of the family.

Occupational Health and Safety Committee: CIC is committed to ensuring a safe and healthy working environment and to complying with all legislated responsibilities. Each and every CIC employee has a responsibility to work together to identify health and safety concerns in our workplace. Its ultimate objective is to ensure that everyone integrates health and safety into their daily work.

United Way Committee: The goal of the CIC United Way Committee is to raise funds for the United Way and its many member agencies. This is done through corporate events involving CIC staff during the month of October each year. For 2009, CIC was nominated for a 'Spirit Award – Small Companies' for its very successful 2009 fundraising efforts. This is one of the many ways that CIC and its staff give back to the community that we live in.

Staff Forums and Information Sessions

CIC holds "all-staff" forums each year. These forums are an opportunity for all CIC staff members including executive to gather in one location to share information, review corporate plans, engage in team building exercises, and corporate-wide training. In 2009, CIC introduced staff information sessions for its employees on topics of interest within the Saskatchewan Crown sector. Two all-staff forums and two information sessions were held in 2009.

Sponsorships & Donations

The Crown Investments Corporation, as a major Saskatchewan corporation, has a social responsibility role in addition to its business role. CIC supports the people and communities of Saskatchewan through charitable donations to organizations, or sponsorships of events, programs, activities or projects. CIC adheres to a sponsorship policy striving to be fair and equitable with sponsorships and donations; and be accountable to Saskatchewan people for the expenditure of public funds.

In 2009, CIC invested almost $300,000 in sponsorships to more than 50 organizations. The diversity of groups supported ranged from the Aboriginal Financial Officers Association of Saskatchewan to the United Way of Regina. Support was provided for a wide range of needs including education, medical research, sport, and theatre. CIC's support included all age groups from youth to seniors.

At CIC, a donation is generally considered to be pure philanthropy – giving for the sake of giving. A small number of CIC's contributions fall into this category. A sponsorship is a cash or in-kind contribution which is given to support an event or organization in return for recognition of the sponsorship. Most of CIC's contributions are in this category.

Priorities for Sponsorships or Donations

CIC will consider providing sponsorships or donations to charities, organizations, events, programs, activities or projects which benefit:

- disadvantaged people;
- children and youth;
- aboriginal people; and
- women in non-traditional roles;

or which address:

- education needs;
- emerging health or social needs; and
- cultural or recreational needs.

CIC will also consider providing support for things which align with CIC's business, policies, programs and/or services, such as:

- youth/aboriginal education and/or employment;
- economic development;
- innovation;
- entrepreneurship; and
- corporate governance.

Criteria for Proposals

Charities, events and organizations which CIC supports must be: Saskatchewan-based; registered charities; or registered non-profit organizations.

Sponsorships & Donations (continued)

2009 Social Investments

Some of CIC's 2009 investments included the Regina Adult Learning Centre, Office of the Treaty Commissioner and Ehrlo Community Services.

Our investment in the Adult Learning Centre helps give at-risk young adults a second chance in life. Clients come from across the province and are mostly aboriginal. At the Centre each cycle of young people receives employment preparation to address educational gaps and life work skills. With its innovative approach, the Centre approaches a 70 per cent success rate of graduates moving to employment or into post-secondary education.

In 2009, CIC provided financial assistance to the Office of the Treaty Commissioner for its Treaty Land Entitlement Legacy project. This project will have a lasting impact on Saskatchewan people, particularly our youth. This project developed a three-part Legacy video series and teacher's guide for use in Saskatchewan schools on the impacts on Saskatchewan of the Treaty Commissioner's Office.

Working in partnership with Ehrlo Community Services, CIC sponsored its Soccer League and Monday Night Football League. The Ranch Ehrlo Society is a non-profit, registered charitable organization dedicated to providing a range of quality assessment, treatment, education and support services that improve the social and emotional functioning of children and youth who have been referred to their program. About 150 children and youth participate in the no-fee soccer and football leagues. No-fee equipment is also supplied which overcomes barriers that keep children and youth from participating.

CIC is proud to sponsor these and many other worthwhile programs and projects annually. Corporate responsibility includes social responsibility and we are pleased to support our communities and province.

❖ CIC, THE HOLDING COMPANY

CIC is the financially self-sufficient holding company for 11 subsidiary commercial Crown corporations. In its oversight role of the Crown sector CIC is responsible for developing broad policy control, directing investment, and routing dividends into the Provincial Government's General Revenue Fund (GRF).

CIC oversees and manages a comprehensive framework designed to strengthen governance, performance and accountability of subsidiary Crowns. CIC also assists subsidiary Crown boards in discharging their responsibility of overseeing and directing the management of the Crowns. CIC is committed to implementing governance, reporting and disclosure practices consistent with those of publicly-traded companies, where such practices can reasonably be applied to the public sector. Specifically CIC provides oversight on behalf of the shareholder for the Crown sector by:

1. Promoting best practices in governance by defining roles and authorities supported by advisory services to subsidiary Crown boards and Crown sector policies; and
2. Providing strategic direction from the shareholder and holding company as well as establishing and monitoring performance management including quarterly financial and performance reporting to the CIC Board of Directors.

❖ PROMOTING BEST PRACTICES IN GOVERNANCE

CIC works with its subsidiary Crown corporation boards of directors to assist them to adapt and implement leading corporate governance practices and standards as applicable to a public enterprise. CIC delivers centralized corporate secretarial and governance advisory services to the Crown boards, supports boards in assessing and improving their performance and sponsors a board development program to enhance their overall skills.

Accountability and Transparency

CIC has developed a comprehensive performance evaluation system applicable to all its subsidiary Crown boards. Evaluations are conducted on a two-year cycle, with some aspect of performance evaluated annually. In 2009, CIC revised its committee and committee chair assessment process and surveys to reflect current governance developments and best practices, and all Crown boards implemented performance evaluations of their committees and committee chairs, and a director peer assessment. CIC is transitioning to International Financial Reporting Standards, and has initiated a CEO/CFO financial statement certification project in the Crown sector. In 2009, the Crown boards received regular progress reports and updates on plans to implement these projects, both of which are on track.

Communication of Shareholder Expectations

Open, timely and reliable communication between the shareholder and the Crown boards is key to a successful governance framework. CIC and its subsidiary Crown corporations have initiated several effective communication channels, including:

- regular meetings between the Chairs of the Crown Boards and senior CIC officials to discuss shareholder priorities and share information regarding matters of mutual interest;
- meetings with the Chairs of Committees of the Crown Boards, as required, to inform about initiatives that will impact the Committee's area of responsibility;
- monthly reports from the Crown Board Chairs to the CIC Board highlighting items of significance considered at the board level, major Crown initiatives and significant corporate risks;
- and meetings of CIC's President & CEO with the Presidents of the subsidiary Crown corporations.

❖ PROMOTING BEST PRACTICES IN GOVERNANCE (continued)

Board Development

CIC is committed to providing the members of its subsidiary Crown boards with the education necessary to effectively discharge their responsibilities. Since 1998, CIC Crown boards have had access to professional development opportunities designed by CIC in consultation with the boards. In 2009, CIC refreshed its board training program and began offering The Directors College certified corporate director development program to directors serving on CIC subsidiary Crown corporation boards. This joint initiative of the Conference Board of Canada and McMasters University can lead to designation as a Certified Director for individuals who complete all of the program requirements. The program is voluntary, but has been well-received.

❖ BENCHMARKING GOVERNANCE AND CORPORATE DISCLOSURE

2009 Governance Index Survey

The Conference Board of Canada (CBoC) maintains a 30-year database that allows boards to benchmark their performance and governance practices against those of selected leading comparator boards in the public and private sectors in Canada (the Governance Index). CIC has used the CBoC Governance Index to gain an external perspective on the governance practices of its subsidiary Crown boards. Surveys have been conducted in 1999, 2001 and 2005, with the ratings achieved by CIC's Crown boards surpassing those of all other boards in the public and private sector whose ratings were recorded in the CBoC's database. In 2009, CIC initiated its fourth Governance Index survey, and the results benchmarking CIC's subsidiary Crown corporation governance practices against best practices in the public and private sector will be reported in March 2010.

Corporate Disclosure

On a two year cycle, CIC engages the CBoC to conduct a review of the reporting and disclosure of CIC and its subsidiary Crown corporations. The objective of this project was to undertake an assessment of the reporting and disclosure practices of Saskatchewan's Crown corporations based on a review of the corporations' annual reports. This disclosure was evaluated against objective standards developed by the CBoC. The components of this study were to:

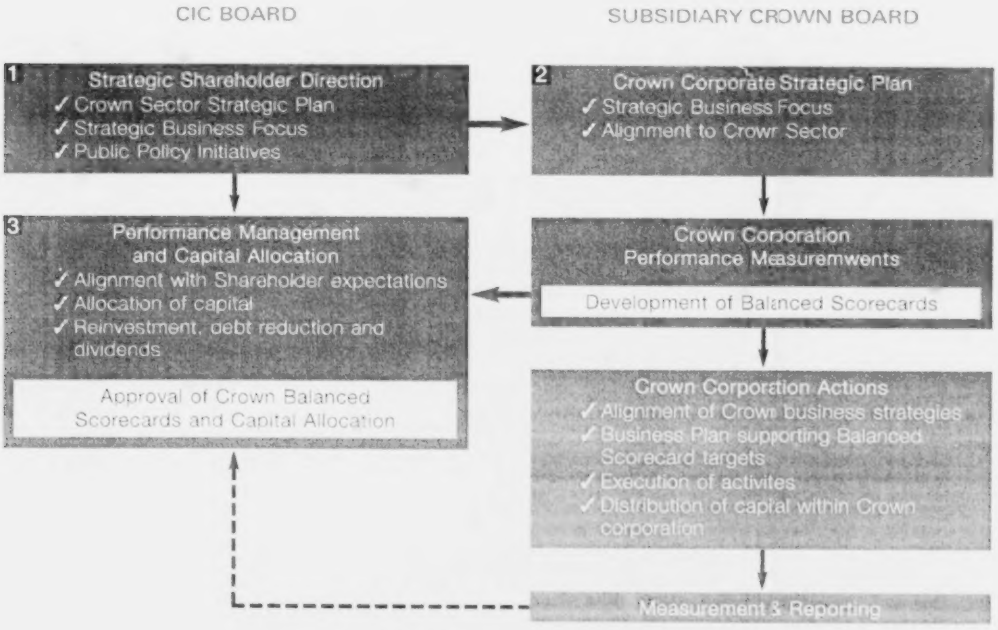
1. Update a best practices matrix to reflect the latest standards of reporting, accountability and governance of corporations in both the private and public sectors.
2. Evaluate the disclosure and reporting of Saskatchewan's Crown corporations through a review of their Annual Reports against the best practices matrix.
3. Provide the Crown Investments Corporation of Saskatchewan with organization-by-organization performance reports and a summary report of the performance of the Crown sector in Saskatchewan as a whole, in comparison to the best practices matrix and relative to benchmarked comparable private companies and Crown corporations.

The last review was conducted based on the information provided in the 2008 Annual Reports. The next review will take place in 2011 based on the 2010 Annual Reports.

❖ STRATEGIC DIRECTION AND PERFORMANCE MANAGEMENT

CIC communicates shareholder direction to its subsidiary Crown corporations and monitors their performance against targets and measures approved by the CIC Board. The Strategic and Performance Management Model depicted below demonstrates how strategic direction is relayed and performance is managed in the Crown sector.

CIC's Strategic and Performance Management Model


CIC BOARD
SUBSIDIARY CROWN BOARD
1
Strategic Shareholder Direction
✓ Crown Sector Strategic Plan
✓ Strategic Business Focus
✓ Public Policy Initiatives
2
Crown Corporate Strategic Plan
✓ Strategic Business Focus
✓ Alignment to Crown Sector
3
Performance Management and Capital Allocation
✓ Alignment with Shareholder expectations
✓ Allocation of capital
✓ Reinvestment, debt reduction and dividends
Approval of Crown Balanced Scorecards and Capital Allocation
Crown Corporation Performance Measurements
Development of Balanced Scorecards
Crown Corporation Actions
✓ Alignment of Crown business strategies
✓ Business Plan supporting Balanced Scorecard targets
✓ Execution of activites
✓ Distribution of capital within Crown corporation
Measurement & Reporting

1 Strategic Shareholder Direction

The first stage in the process is the development of the Crown Sector Strategic Plan, led by CIC. The Crown Sector Strategic Plan articulates shareholder expectations and provides medium to long-term direction to the Crown sector.

2 Subsidiary Crown Corporation Plans

The second stage is the development of the subsidiary Crown Corporate Strategic Plan, demonstrating alignment to the shareholder direction contained within the Crown Sector Strategic Plan. Each subsidiary Crown then prepares a corresponding Performance Management Plan which includes a Balanced Scorecard with measures and targets that link to the broad strategic direction established in the Crown Sector Strategic Plan and their Corporate Strategic Plan.

3 Performance Management Approval and Reporting

The third stage is approval of each subsidiary Crown's Performance Management Plan by the CIC Board. Every year, the CIC Board reviews and approves each Crown corporation's Performance Plan for the upcoming year. These performance plans are monitored throughout the year with quarterly reviews and reports submitted to the CIC Board. In addition to approving the performance plans, the CIC Board determines the capital allocation among Crown corporations for reinvestment, debt reduction and dividends.

STRATEGIC DIRECTION AND PERFORMANCE MANAGEMENT

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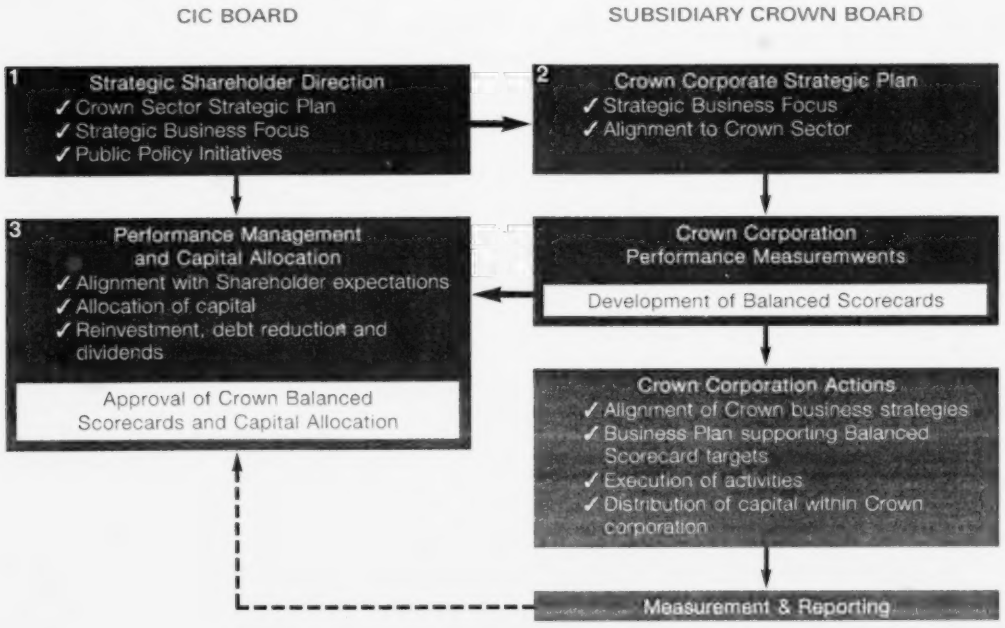
CIC BOARD
SUBSIDIARY CROWN BOARD
1
Strategic Shareholder Direction
✓ Crown Sector Strategic Plan
✓ Strategic Business Focus
✓ Public Policy Initiatives
2
Crown Corporate Strategic Plan
✓ Strategic Business Focus
✓ Alignment to Crown Sector
3
Performance Management and Capital Allocation
✓ Alignment with Shareholder expectations
✓ Allocation of capital
✓ Reinvestment, debt reduction and dividends
Approval of Crown Balanced Scorecards and Capital Allocation
Crown Corporation Performance Measuremwents
Development of Balanced Scorecards
Crown Corporation Actions
✓ Alignment of Crown business strategies
✓ Business Plan supporting Balanced Scorecard targets
✓ Execution of activities
✓ Distribution of capital within Crown corporation
Measurement & Reporting

1 Strategic Shareholder Direction

The first stage in the process is the development of the Crown Sector Strategic Plan, led by CIC. The Crown Sector Strategic Plan articulates shareholder expectations and provides medium to long-term direction to the Crown sector.

2 Subsidiary Crown Corporation Plans

The second stage is the development of the subsidiary Crown's Corporate Strategic Plan, demonstrating alignment to the shareholder direction contained within the Crown Sector Strategic Plan. Each subsidiary Crown then prepares a comprehensive Performance Management Plan which includes a Balanced Scorecard with measures and targets that link to the broad strategic directions established in the Crown Sector Strategic Plan and their Corporate Strategic Plan.

3 Performance Management Approval and Reporting

The third stage is approval of each subsidiary Crown's Performance Management Plan by the CIC Board. Every year, the CIC Board reviews and approves each Crown's Performance Management Plan for the upcoming year. These performance plans are monitored throughout the year, with quarterly reviews and reports submitted to the CIC Board. In addition to approving the performance objectives, the CIC Board determines the capital allocation among Crown corporations for reinvestment, debt reduction and dividends.

❖ SASKATCHEWAN RATE REVIEW PANEL

The Saskatchewan Rate Review Panel (the Panel) was established in 2000 as an advisor to the Minister Responsible for Crown Investments Corporation. The Panel's role is to conduct reviews of rate change proposals from SaskPower, SaskEnergy and SGI (on behalf of the Saskatchewan Auto Fund). The Panel considers the interests of the customer, the Crown, and the public, then provides an opinion to the Minister Responsible for CIC on the fairness and reasonableness of the proposed changes. The Provincial Government makes the final decision on rate change requests. CIC acts as a liaison between the Panel and the Minister as may be required. In this role, CIC may provide the Panel with assistance, guidance and oversight to enable the Panel to fulfill its mandate.

The members of the Panel during 2009 were:

- Alison Renny, Chair;
- Kathy Weber, Vice-Chair;
- Bill Barzeele;
- Steve Kemp;
- Robert Bundon;
- Louis Gardiner; and
- Linda Thauberger-Smith.

For more information, see the Panel's web site at www.saskratereview.com

The Crown sector marked yet another successful year in 2009. The challenges brought on by the global economic recession were met with continued innovation, diversity, and growth. Not only did the Crown sector meet and exceed customer services in 2009, but the sector has also expanded its horizons in order to allocate significant resources to environmentally friendly initiatives and infrastructure investment. This included focus on efficiency and reducing greenhouse gas (GHGs) emissions while providing low-cost services to the people of Saskatchewan.

Looking to 2010 and beyond, the Crown sector remains focused on improvements and changes that will bring new and enhanced services to the people of Saskatchewan. For example, an advanced and reliable power system that can accommodate future growth is an essential area of focus within the Crown sector going forward. The following highlights major achievements and initiatives in 2009.

❖ HIGHLIGHTS OF 2009

Four of CIC's Crown corporations were recognized by Maclean's magazine, The Globe and Mail and Eluta.ca for excellence as part of the 2010 Top 100 Employers Competition in Canada. In addition, CIC is one of seven Crowns among Saskatchewan's Top 20 Employers, selected by the editors of Canada's Top 100 Employers.

- SaskTel has for the 10th consecutive year established itself as one of the Top 100 Employers in Canada, is among the Top 20 Employers in Saskatchewan, and been named one of Canada's Greenest Employers by MediaCorp Canada Inc. SaskTel's communication services continue to expand throughout the province with over 1.4 million customer connections.

- SaskPower completed construction on two new gas fired generating plants at Ermine (94 MW) and Saskatoon (105 MW), negotiated contracts with Northland Power to supply electricity from two additional gas plants located at North Battleford (260 MW) and Tantallon (100 MW), and continued construction on a final gas plant that is also located near North Battleford (141 MW).

  SaskPower spent $362 million upgrading its transmission and distribution infrastructure. Despite an 8.5 per cent rate increase SaskPower's rates were still 20 per cent below the national average for other thermal utilities.

  SaskPower's demand side management (DSM) initiatives are estimated to have reduced electricity demand by 23 MW at a total cost of $0.03 per kilowatt hour, a very cost effective price.

- SaskEnergy continues to develop province-wide customer connections, with a net increase of 4721 customers in 2009-while delivering the lowest residential delivery rates in Canada. SaskEnergy was named one of Canadas top 100 greenest employers in 2009 and is nine years ahead of the Provincial Governments "Go Green" target of 20 per cent reductions of 2006 emission levels by 2020. On November 4th, the government approved a 12.6 per cent decrease to SaskEnergy's natural gas commodity rate which resulted in the lowest natural gas rate in nine years for delivery customers. Effective October 1, 2009, SaskEnergy, in conjunction with AltaGas Income Trust, sold its 50.1 per cent interest in Heritage Gas Limited to AltaGas for net proceeds of $73.3 million. SaskEnergy posted a gain on sale of this asset of $8.4 million.

❖ HIGHLIGHTS OF 2009 (continued)

- STC's new Regina terminal has had a positive impact on customer service with 91 per cent of survey respondents rating STC's overall service as "good" or "excellent".

  A seat sale in September which offered a $7 fare for seniors to ride anywhere in the province was very successful and increased senior's ridership significantly during that month.

- In November 2009, SGI's Board of Directors endorsed SGI CANADA's new eServices strategy. This strategy is a multi-year undertaking with many elements: it adds value to the broker partnership, enhances customer service, assists in attaining SGI CANADA's objectives for growth and profitability, and is an important tool for gaining efficiencies and improving business process productivity in both SGI CANADA and its brokers'. SGI Auto Fund continued to offer the lowest auto rates in the Country.

- SaskGaming (SGC) is in the process of a major upgrade at both Casino Regina and Moose Jaw. Construction was completed at Moose Jaw and is expected to be complete at Regina by the end of the first quarter in 2010. SGC was named a top 20 employer in Saskatchewan by Maclean's magazine and The Globe and Mail.

- SOCO was awarded the 2009 Outstanding Research Park by the Association of University Research Parks for its role in supporting the growth of science and technology related economic development. Customer satisfaction is at 99.5per cent.

- SaskWater has signed six new water supply contracts with two industrial and four municipal customers; and has signed a contract with Mosaic Canada ULC and Belle Plaine which will more than double Mosaic's existing water volumes.

- ISC: In 2009, the weakening economy negatively affected the strength of the housing market and reduced the number and value of personal property transactions. Although ISC's 2009 financial results finished the year below budget, they remain in line with normal operations prior to the 2007 and 2008 housing boom. Throughout 2009, ISC maintained consistent turnaround times for land registry transactions; and since the transfer of the Vital Statistics Registry, turnaround times related to Vital Statistics have been cut in half.

LOOKING AHEAD

- SaskPower is faced with the challenge of replacing aging infrastructure with more expensive, cleaner technologies during a time when Saskatchewan is expected to experience economic growth and require more electricity. This challenge will require a major re-investment in the province's electrical infrastructure. SaskPower intends to partner with the private sector to ensure the reliability and long-term security of the system.

  New simple cycle natural gas generation facilities, the 94MW Ermine and 105MW QEPS-D facilities, were commissioned in December 2009 and add to the total 2010 Power Production of 3371 MW. By December 2010, the new Yellowhead simple cycle natural gas generating station will be commissioned to add an additional 141 MW for a total of 3512MW. Including electricity supply contracts from in-province Independent Power Producers (IPP) SaskPower will have a generation system by the end of 2010 that will approach 4000 MW.

- SaskTel will focus on capital investments to enhance infrastructure, providing leading edge products and services to the people of Saskatchewan. SaskTel will continue to implement the Rural Infrastructure Program to deliver 100 per cent high speed internet and improved wireless coverage across the province. SaskTel will also construct a new wireless network based on the Global System for Mobile Communications (GSM) technology, and plans to expand Max Entertainment Services to an additional 14 Saskatchewan communities over the next two years.

- SaskEnergy will continue to expand the utility infrastructure required to service the growing Saskatchewan population by upgrading technology, increasing storage capacity, and putting new pipelines in the ground, while also supporting various growth initiatives. Waste heat recovery and the transportation of CO_2 will continue to be the focus of growth opportunities in 2010.

- In collaboration with the Ministry of Energy and Resources, ISC is implementing the Mineral Administration Registry of Saskatchewan (MARS) in 2010, which will assist in managing land dispositions. MARS will handle greater volumes, reduce processing time and provide better information for the management of Crown Lands to the Ministry of Energy and Resources. ISC is also modernizing the Vital Statistics Registry.

- SGC continues to focus on delivering a high quality entertainment experience to its guests in a responsible manner. Its responsible gaming initiatives are focused on education and awareness and to this end staff are averaging 26.7 guest interactions per day. The program is being implemented by working collaboratively with other Casinos in Canada to develop best practices.

- STC continues to focus on delivering high quality service to Saskatchewan communities in a cost effective manner. New opportunities continue to be explored to increase ridership including enhanced bus amenities and targeted seat sales.

DIVERSITY AND BUILDING FOR THE FUTURE

Diversity in the Crown sector is essential to more accurately reflect our population and to meet the demand for skilled employees. CIC is one of seven Crowns that were among Saskatchewan's Top 20 Employers for 2010, as selected by the editors of Canada's Top 100 Employers. The Crowns' workforces reflect our communities and are recognized as exceptional places to work.

CIC has two main programs that support the goals of diversity, succession planning and building for the future, through hiring and retaining more youth and Aboriginal people in its subsidiary Crown corporations. These programs are:

- Gradworks provides 12-month internships in the Crowns for recent post-secondary graduates who have little or no work experience. In 2009, 90 people started their Gradworks internships in the Crowns. From the program's inception in 2004 to the end of 2009, there have been 395 internships. Nearly 84 per cent of those who have completed their internships have stayed in Saskatchewan, with 54 per cent employed in the Crowns and 30 per cent employed in other companies.

- The CIC Aboriginal Bursary Program provides financial assistance for qualifying students at both the University of Regina, and First Nations University of Canada. Beginning in the fall of 2009, the bursary program was expanded to include the U of S, SIIT and SIAST. Under the program, students can receive $2,500 per semester or $5,000 per full academic year. In 2009, there were 67 bursaries awarded for the winter semester and 50 for the fall semester. From the program's inception in 2004 to the end of 2009, 531 bursaries had been awarded, with some students receiving multiple bursaries.

ENVIRONMENTAL SUSTAINABILITY

CIC and its subsidiary Crowns continue to demonstrate environmental leadership through a variety of initiatives and programs as part of the Government's commitment to help Saskatchewan people "Go Green". These programs are designed to enhance environmental sustainability in the sector and the province in general. All Crowns, even those that don't produce significant greenhouse gas emissions, are required to have performance measures in their balanced scorecards as part of the Crown Sector Performance Management System. These measures are monitored and reported on annually. The Crowns have also implemented internal environmental initiatives to promote recycling, paper reduction, and the use of environmentally friendly office products. Some of the major environmental initiatives offered to Saskatchewan people and initiated by the Crown sector are as follows:

SaskTel

- SaskTel, along with Saskatchewan Gaming Corporation, were the first government agencies in Canada to become members of The Climate Registry, a voluntary emission reporting and tracking system to measure greenhouse gas emissions consistently across industry sectors and borders. This is a major milestone in the Crown Sector's Carbon Footprint project to establish baseline emissions levels and enhance the ability to communicate future progress against environmental initiatives.

ENVIRONMENTAL SUSTAINABILITY (continued)

SaskPower

- A go/no go decision on the Boundary Dam carbon capture and sequestration commercial project will be made at the end of 2010. This project is the world's first and largest integrated carbon capture and sequestration commercial project.
- SaskPower will continue to demonstrate environmental responsibility by adding 175 MW of wind capacity through private sector partnerships, growing generating capacity through its standing offer program for renewable power projects, increasing its demand side management (DSM) initiatives and rolling out its demand response program, which will offer incentives to large customers who are able to reduce their electrical needs when called upon by SaskPower during peak demand periods.

SaskEnergy

- In 2010, SaskEnergy expects to affect 7,500 customers through direct programs such as the Programmable thermostat rebate and the ENERGY STAR Prime Rate Loan Program, as well as 15,500 customers through indirect programs administered by SaskEnergy such as the Energuide for Houses grant and the Energy Efficient Rebate for New Homes.

SaskWater

- SaskWater has established a Leak Detection Service in the water pipe system for water conservation.

SGI

- SGI recovered 69,912 litres of fuel and 6,350 litres of antifreeze from total loss vehicles and also recycled 386,359 pounds of paper in 2009.
- In 2009 approximately 50,000 business transactions were submitted electronically by brokers through SGI CANADA's broker portal. This resulted in a corresponding decrease in the number of paper documents being received and handled by employees. SGI CANADA also promotes the use of electronic forms and manuals. In 2009 the company was able to reduce its distribution of paper rate manuals by over 40 per cent. This resulted in almost 400,000 fewer pages being printed.
- E-pay usage increased 45 per cent in 2009, and representing 56.2 per cent of the total payment count and 42.4 per cent of total payments made. SGI plans to introduce E-pay to physiotherapists and chiropractors in 2010.

SGC

- SaskGaming, along with SaskTel participated in the CIC Crown Sector Carbon Footprint project. The project included coordinating, compiling, calculating and reporting GHG emissions for these Crowns in accordance with the Climate Registry requirements. Based on the learning from these Crowns, the program will be rolled out to the rest of the sector and strategies will be developed to further reduce GHG emissions.

STC

- One bus can offset the emissions of up to 50 or more private vehicles that would otherwise be travelling on our streets and roads. STC also uses bio-diesel in all of its coaches to reduce its GHG emissions.
- STC has partnered with the Saskatchewan Environmental Society in its "Retire Your Ride Program" STC is offering a $1,000 credit for bus travel as one of the many incentive rewards that each participant can choose from for responsibly recycling their vehicle through this program.
- STC is supporting the efforts of reducing wildlife collisions on Saskatchewan highways, providing in-kind advertising to the Saskatchewan Wildlife Federation on a coach and a trailer for its "Slow Down and Save a Buck" Campaign.

❖ CIC, A CROWN CORPORATION

CIC's role as a Crown corporation includes centralized administration of the Government's initiatives and programs not specifically directed towards a Crown corporation. Such projects may be intergovernmental or standalone projects providing analysis, consulting or recommendations to Government. This also includes the oversight of the investment portfolio previously held by Investment Saskatchewan Inc. (which became Asset Management Inc. operating as the Asset Management Division of CIC as of July 1, 2009) and the management of CIC's own internal operations.

❖ CIC'S PERFORMANCE MEASUREMENT

CIC utilizes a widely accepted performance measurement system known as the Balanced Scorecard. This system is used to establish, communicate and report on key corporate performance targets in a standardized and concise format, very similar to that of a report card. The Balanced Scorecard enables CIC to facilitate strategic execution, accelerate continuous performance improvement while creating greater internal and external accountability and transparency.

The Balanced Scorecard is therefore a means to articulate corporate strategy, motivate the organization to achieve desired targets and to enable the executive and the shareholder to monitor these results.

In terms of reporting, CIC provides its Board with quarterly progress reports on CIC's performance relative to targets in addition to the public annual reporting on past year results and future year forecasts.

❖ BALANCED SCORECARD PERSPECTIVES

CIC's 2009 scorecard contains three perspectives namely: Crown Sector Oversight, Strategic Shareholder Initiatives and CIC Internal Operations which are defined as follows:

Crown Sector Oversight

This perspective highlights CIC's value in leading Saskatchewan's Crown sector through the articulation of the shareholder's business vision and strategy. CIC does this by establishing financial frameworks and performance management objectives and by providing corporate governance guidance and support to the Crowns and their Boards of Directors.

CIC ensures a balance exists between the relative priorities of providing an appropriate return to the people of Saskatchewan and protecting the financial flexibility of CIC and the Crown sector. CIC is committed to continuing efforts to make the Crown sector more cost and accountable, and to provide a greater degree of public transparency in the results of the Crown sector's operations.

Strategic Shareholder Initiatives

This perspective challenges CIC to understand and assess emerging issues by providing professional and timely advice and guidance to the shareholder. It captures CIC's role in implementing those initiatives to support the Government's strategic objectives for the Crown sector.

CIC Internal Operations

This perspective challenges the corporation to develop and deploy those tools that enable the corporation to operate in an efficient manner and achieve its goals.

It also recognizes the commitment by CIC to report on the operations of CIC and its subsidiary Crowns and facilitate accountability and transparency. CIC continues to advance its reporting practices so that the information it provides to the CIC Board, the Legislature, and the public is timely, accurate and understandable; and that the information demonstrates the efficient and effective use of resources.

For 2010, CIC has added a fourth perspective called Asset Management / Divestiture reflecting the discontinuation of Investment Saskatchewan Inc. as a Crown corporation and the establishment of its function within CIC as the Asset Management Division on July 1, 2009. The perspective is defined as:

Asset Management / Divestiture

This perspective deals with CIC's role in supporting and administering an effective divestiture of CIC Asset Management Inc. investment portfolio that optimizes financial and public policy outcomes on behalf of the shareholder.

BALANCED SCORECARD PERFORMANCE INDICATORS

The colored indicators represent the relative assessment of the annual result against the performance target. In cases where a variance requires explanation, a variance analysis is provided by management.

Scorecard Performance Indicators:

● Above Target ◉On Target ○Slightly Off Target ●Below Target ◉Not Reported

CIC'S 2009 BALANCED SCORECARD AND 2010 OUTLOOK

Balanced Scorecard Perspective: Crown Sector Oversight

Performance Reporting 2009				Outlook 2010	
Strategic Objective	**Performance Measure**	**2009 Target**	**2009 Result**	**Performance Measure**	**2010 Target**
Effective oversight of the province's commercial Crown corporations on behalf of the shareholder	CIC Board Performance Index	>3.5 Rating (5 point scale)	◉ Results not available (Note 1)	Same as 2009	≥ 3.5 (5 point scale)
Lead best practices in governance in the Crown sector	Governance Rating by the Conference Board of Canada	Top quartile (25%)	◉ On Target: Rating in the top quartile	Same as 2009	Non-reporting year (3 year cycle)
Provide an appropriate return to the people of Saskatchewan	CIC dividend and equity repayments to the General Revenue Fund	$395 M Dividend & $70 M Equity Repayment	● Above Target: $755 M Dividend (Note 2)	Same as 2009	$376 M Dividend & $120 M Equity Repayment
Ensure that the Crown sector is financially sustainable and financially flexible	Consolidated ROE Target	8%	◉ On Target: 9.2%	Same as 2009	9.1%
	Consolidated Debt / Equity Ratio	47.5%	◉ On Target: 47.6%	Same as 2009	55.9%
	Sustainable Dividend: Generally <30% of Earnings	<30% of Crown earnings	◉ On Target	Same as 2009	<30% of Crown earnings
Provide expertise and guidance to support the CIC Board	CIC Board Performance Index	>4.1 Rating (5 point scale)	◉ Results not available (Note 1)	Same as 2009	≥ 4.1 (5 point scale)
Advance Crown corporation reporting and disclosure against best practice standards	Review of reporting and disclosure by the Conference Board of Canada	Rating of "B" or greater	● Above Target: Rating of "B+"	Same as 2009	Non-reporting year (3 year cycle)

2009 Variance Analysis / Management Discussion:

Note 1	Results of the shareholder performance index were not available at the time of production of the annual report.
Note 2	In 2009, CIC declared and paid a dividend to the GRF of $755.0 million (2008 - $565.0 million). CIC's dividend was $460.0 million above the budgeted dividend. The dividend supported the 2009-10 provincial budget and was paid primarily from the sale proceeds from Saskferco Products Inc.

Risks for 2010:

Financial Targets	Crown earnings lower than forecast due to risks outside the control of the Crown corporations including: • Volatile and higher commodity prices; • Extreme weather conditions impacting operations / insurance claims; • Low cost hydro electricity availability; • Economic conditions effecting customer demand; • Environmental regulations; • Competitive telecom market; and • Geographic diversification of insurance risk.

Balanced Scorecard Perspective: Strategic Shareholder Initiatives

Performance Reporting 2009				Outlook 2010	
Strategic Objective	**Performance Measure**	**2009 Target**	**2009 Result**	**Performance Measure**	**2010 Target**
Investment in infrastructure to sustain and support economic development in Saskatchewan	Goods and services sourced from Saskatchewan suppliers for Crown infrastructure projects	>75%	○ Not Reported. Deferred until 2010.	Investment in infrastructure to sustain and support economic development in Saskatchewan	Annual Report on Crown sector infrastructure investment in Saskatchewan
Crown corporations will support the Government's "Go Green" agenda and reduce GHG levels towards the Government's targets	Public awareness of "Go Green" program	To be developed by 1Q09	○ On Target. Successful province-wide public awareness campaign completed.	Removed for 2010.	
	New power generation with near zero GHG emissions	100% of new generation is near zero emissions	○ On Target. Near zero emissions BD3 CCS project on schedule. 139 MW of new natural gas generation added with 50% less CO_2 emissions than coal. Green Options Partners Program launched to facilitate clean energy projects. RFQ for 175 MW of wind power issued.	Removed for 2010.	
	Reduction in Crown Sector GHG Emissions	Track GHG emissions from Crown sector.	○ On Target. The project will be phased in over two years. In the first phase, SaskTel and Saskatchewan Gaming Corporation will report emissions for 2009 and subsequent years. The 2009 emissions report will be publically available in early 2011.	Removed for 2010.	
		Offset 5.0% of Crown sector emissions (not including SaskPower).	○ Not Reported. CIC deferred this project as the federal government has not established a carbon offset system. (Note 1).		
Support the province "Go Green" strategy and reduce/offset Crown sector GHG emissions.	New for 2010.			Report annual Crown sector GHG Emissions.	Implement pilot projects at SaskTel and Saskatchewan Gaming Corporation to track GHG emissions through The Climate Registry.
Support the province's goal to diversify economic opportunities.	New for 2010.			Invest in human resources and development in Saskatchewan.	Completion of the Research and Development Power Plant, development of a Nuclear R&D Centre of Excellence at the University of Saskatchewan.

Balanced Scorecard Perspective: Strategic Shareholder Initiatives (continued)

Performance Reporting 2009				Outlook 2010	
Strategic Objective	**Performance Measure**	**2009 Target**	**2009 Result**	**Performance Measure**	**2010 Target**
CIC and the Crown sector will pursue joint ventures (JVs) with the private sector in relation to Crown mandates and/or other intergovernmental initiatives	Use of Joint Ventures in Crown sector infrastructure and/or service delivery projects	10% of Crown sector infrastructure and/or service delivery expenditures	○ On Target: SaskPower awarded a contract to Northland Power Inc. for power generation. SaskTel entered into partnership with Barrett Xplore Inc. to provide high speed internet.	Removed for 2010	
CIC will facilitate implementation of provincially legislated or mandated initiatives and other programs within the Crown sector.	Implementation of Administrative Records Management System (ARMS) and Operational Records Management System (ORS)	Assess current status	○ On Target: Survey conducted of the Crown corporations regarding the implementation of ARMS and ORS. ○ On Target: Assessment of CIC's records management program	Removed for 2010	
Facilitate Crown sector compliance with requirements for management and preservation of records under *The Archives Act, 2004*.	New for 2010			Report to the Board of Directors on status of Crown sector compliance.	Report to CIC Board of Directors by 4Q10.
Provide strategic human resource advice and leadership to the Crowns.	Labour relations climate management			Monitor collective bargaining to ensure compliance with the collective bargaining framework.	CIC response of Crown bargaining proposals.
	Essential Services	No disruptions	○ On Target		
	Settlements	Within mandate	○ Not Reported: Negotiations ongoing into 2010.		
	Competitive executive total compensation framework	P-63 Fit	○ On Target	Participate in 2010	

2009 Variance Analysis / Management Discussion:

Note 1	CIC has initiated a process to inventory and report GHG emissions across the Crown Sector to The Climate Registry. A third-party verified report of GHG emissions will be available for 2009 and 2010 in early 2012.

Risks for 2010:

Invest in nuclear research and development in Saskatchewan	A federal contribution is required to move the project forward as proposed in 2010.

Balanced Scorecard Perspective: Asset Management / Divestiture

Performance Reporting 2009				Outlook 2010	
Strategic Objective	**Performance Measure**	**2009 Target**	**2009 Result**	**Performance Measure**	**2010 Target**
To prudently manage and divest the existing portfolio	This perspective is new for 2010 as it reflects the elimination of Investment Saskatchewan Inc. as a Crown corporation and the establishment of its function within CIC as the Asset Management Division			Number of investments divested	9
To monitor and report on returns achieved by the portfolio	This perspective is new for 2010 as it reflects the elimination of Investment Saskatchewan Inc. as a Crown corporation and the establishment of its function within CIC as the Asset Management Division			Net Income	$5.2 M
				Contingent liabilities to current assets ratio	48.7%
				Proceeds from investment sales and loan repayments	$29.0 M
				Distribution to CIC	—

Risks for 2010:

All Performance Measures	For all CIC Asset Management Inc. balanced scorecard targets (divestiture, net income, contingent liabilities to current assets, proceeds from investment sales and repayments, dividend to CIC) the risk is that the performance of investee operations will be substantially different from the forecast. The majority of the risk may be outside of the control of the investee company including volatility in the industries in which they operate, value of the Canadian dollar, the state of the economy, and changing market conditions.

Balanced Scorecard Perspective: CIC Internal Operations

Performance Reporting 2009				Outlook 2010	
Strategic Objective	**Performance Measure**	**2009 Target**	**2009 Result**	**Performance Measure**	**2010 Target**
Timely and effective reporting of corporate results	Meet financial and performance reporting requirements	Quarterly and Annual Reports released on time	❍ On Target	Same as 2009	Quarterly and Annual Reports released on time
Advances CIC's reporting and disclosure against best practices	Conference Board of Canada rating against peers	Rating of "A"	❍ Off Target: Rating of "B+" (Note 1)	Same as 2009	Non reporting year (2 year cycle)
Support the government's environmental agenda	% of "Green" power purchased	≥ 20%	❍ On Target	Removed for 2010	
	CO_2 offsets purchased	Accumulate 2008 & 2009 requirement for purchase under regulated program	❍ On Target	Same as 2009	• Purchased deferred to 2007/08 • Carbon neutral for 2009 indirect GHG emissions
Prudent management and control of corporate resources	Operating expenditures	Within budget	❍ On Target	Same as 2009	Within budget
	Capital expenditures	Within budget	❍ On Target	Same as 2009	Within budget
	Staff levels	Within budget	❍ On Target	Same as 2009	Within budget
Promote employee and corporate success	Employee satisfaction	≥ 85%	❍ Off Target: 78% (Note 2)	Overall employee satisfaction	≥ 78%
	Training % of payroll	1st to 3%	❍ On Target: 2.8%	Training opportunities measured by funds allocated as a % of payroll	1st to 2.5%
	Average # sick days per year	< 4 days	❍ Off Target: 5.07 days (Note 3)	Wellness Program measures average number of hours and days per year	1st to 4.5 days
	Diversity retention	≥ 80%	● Above Target: 100%	Representative Complement • Women in underrepresented occupations • Aboriginal • Persons with Disabilities • Visible Minorities	≥ 100% ≥ 100% ≥ 100% ≥ 100%
	Youth Opportunities				
	• Coop Program	3 Student	❍ Off Target: 1 Student (Note 4)	Same as 2009	1 Student
	• Skilldevelop	3 Interns	❍ Off Target: 2 Interns (Note 5)		2 Interns
	• Youth Employment	12%	❍ On Target: 12.56%	Next Quarter 30%	—

Balanced Scorecard Perspective: CIC Internal Operations (continued)

2009 Variance Analysis / Management Discussion:

Note 1	CIC engages the Conference Board of Canada to conduct reviews of reporting and disclosure for CIC and its subsidiary Crowns on a two-year cycle. The 2009 target reflects an improvement over the last review in 2007 where CIC obtained a rating of B+. Since that time significant changes in best practices in reporting have occurred which have moved the yardstick to which the comparisons are made. CIC did not maintain pace with these enhancements in reporting and achieved a rating below target. CIC recognizes the changes required to improve its rating and is taking actions to enhance future reporting which will be reviewed in 2011 based on the 2010 Annual Report.
Note 2	The employee satisfaction target of ≥ 85% was intended to be a stretch target based on the satisfaction level achieved in 2007, but was not achieved. The 2010 target is aligned with actual satisfaction level.
Note 3	CIC experienced a higher than average number of sick days per employee during 2009 due to the seasonal and pandemic flu season.
Note 4	Originally budgeted Coop student resources were not required during 2009.
Note 5	Originally budgeted Gridworks intern was not required during 2009.

Risks for 2010:

CO2 offsets purchased	Purchase of deferred offsets related to emissions from 2007 / 2008 and perhaps those for 2009 will depend on the availability of verified and recognized offsets from a federal or provincially regulated system in 2010. Future deferral of the purchase of offsets may be required.
Average # sick days per year	Abnormally high sick days related to seasonal and pandemic flu may extend into 2010.
Youth Opportunities	Budgeted youth opportunities may not be fully utilized in 2010 due to changing priorities throughout the year.

❖ LOOKING FORWARD - CIC'S STRATEGIC PRIORITIES FOR 2010

Oversight of the Crown Sector

- Facilitate individual Crowns to review their operations to maximize efficiency and reduce costs to ensure strong dividends continue to flow to the General Revenue Fund (GRF).
- Ensure that the Crown sector:

  1. Pursues a greater role for the private sector in relation to Crown mandates including private sector involvement in the provision of infrastructure as well as products and services.
  2. Focuses operations and investments in Saskatchewan to benefit Saskatchewan citizens.
  3. Pro-actively develops environmental strategies including Crown's expeditious movement toward a reduction of GHG emissions in alignment with the Government's GHG emission reduction strategy.
  4. Operates in the most efficient and effective manner possible so that Saskatchewan people can be assured that they are getting the best economic value (including rates and services) from their Crown corporations.

Strengthen Communications

- Facilitate clear communication between Cabinet, Executive Council, Crown corporation Board Chairs and senior Crown management with regard to government priorities, strategic planning, communications and operations across the Crown sector.

Crown Sector Governance and Support

- CIC and the Crown sector will continue to attain excellence in corporate governance processes and practices.
- Continue to monitor and advise the shareholder of new/emerging issues within industry sectors.

Support in Policy and Strategic Initiatives

- Lead the coordination in developing Crown sector projects that support sustainable economic development and job creation in Saskatchewan in consultation with Enterprise Saskatchewan.
- Assist the shareholder in the development of policy and strategic initiatives through proactive research, analysis and external consultations.
- Provide support to the shareholder as required on projects or initiatives of interest such as the all-weather, multi-use facility project.

Operational Efficiency

- Seek efficient/effective internal CIC operations.

Balanced Scorecard Perspective: CIC Internal Operations (continued)

2009 Variance Analysis / Management Discussion:

Note 1	CIC engages the Conference Board of Canada to conduct reviews of reporting and disclosure for CIC and its subsidiary Crowns on a two-year cycle. The 2009 target reflects an improvement over the last review in 2007 where CIC obtained a rating of B+. Since that time significant changes in best practices in reporting have occurred which have moved the yardstick to which the comparisons are made. CIC did not maintain pace with these enhancements in reporting and achieved a rating below target. CIC recognizes the changes required to improve its rating and is taking actions to enhance future reporting which will be reviewed in 2011 based on the 2010 Annual Report.
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Note 4	Originally budgeted Coop student resources were not required during 2009.
Note 5	Originally budgeted Gradworks intern was not required during 2009.

Risks for 2010:

CO_2 offsets purchased	Purchase of deferred offsets related to emissions from 2007 / 2008 and perhaps those for 2009 will depend on the availability of verified and recognized offsets from a federal or provincially regulated system in 2010. Future deferral of the purchase of offsets may be required.
Average # sick days per year	Abnormally high sick days related to seasonal and pandemic flu may extend into 2010.
Youth Opportunities	Budgeted youth opportunities may not be fully utilized in 2010 due to changing priorities throughout the year.

LOOKING FORWARD - CIC'S STRATEGIC PRIORITIES FOR 2010

Oversight of the Crown Sector

- Facilitate individual Crowns to review their operations to maximize efficiency and reduce costs to ensure strong dividends continue to flow to the General Revenue Fund (GRF).
- Ensure that the Crown sector:

1. Pursues a greater role for the private sector in relation to Crown mandates including private sector involvement in the provision of infrastructure as well as products and services.
2. Focuses operations and investments in Saskatchewan to benefit Saskatchewan citizens.
3. Pro-actively develops environmental strategies including Crown's expeditious movement toward a reduction of GHG emissions in alignment with the Government's GHG emission reduction strategy.
4. Operates in the most efficient and effective manner possible so that Saskatchewan people can be assured that they are getting the best economic value (including rates and services) from their Crown corporations.

Strengthen Communications

- Facilitate clear communication between Cabinet, Executive Council, Crown corporation Board Chairs and senior Crown management with regard to government priorities, strategic planning, communications and operations across the Crown sector.

Crown Sector Governance and Support

- CIC and the Crown sector will continue to attain excellence in corporate governance processes and practices.
- Continue to monitor and advise the shareholder of new/emerging issues within industry sectors.

Support in Policy and Strategic Initiatives

- Lead the coordination in developing Crown sector projects that support sustainable economic development and job creation in Saskatchewan in consultation with Enterprise Saskatchewan.
- Assist the shareholder in the development of policy and strategic initiatives through proactive research, analysis and external consultations.
- Provide support to the shareholder as required on projects or initiatives of interest such as the all-weather, multi-use facility project.

Operational Efficiency

- Seek efficient/effective internal CIC operations.

❖ GOVERNANCE

CIC is created and governed by *The Crown Corporations Act, 1993*. CIC's mandate is defined by the Act as follows:

(a) CIC is the holding company for all subsidiary Crown corporations and shall exercise its supervisory powers granted by this Act in the interests of all Saskatchewan residents;

(b) CIC is the agency for making and administering, on behalf of the Government of Saskatchewan, the investments authorized by this Act or any previous Crown Corporations Act.

As such CIC operates as a holding company, exercising supervisory powers over the province's 11 subsidiary commercial Crown corporations, as well as operating as a Crown corporation itself.

❖ BOARD OF DIRECTORS

The CIC Board of Directors is a key Cabinet committee which acts as a liaison between Cabinet and Crown corporations. The Board makes decisions in its own right, and forwards recommendations to Cabinet for consideration. The Board's key responsibilities are to:

- set strategic direction for the Crown sector;
- provide oversight to subsidiary Crown corporations by setting performance expectations, allocating capital within the sector, and monitoring and evaluating performance; and
- provide oversight to CIC management by approving business plans and budgets, monitoring and evaluating corporate performance.

The CIC Board of Directors consists of members of the Provincial Cabinet appointed by the Lieutenant Governor-in-Council and functions as a committee to the Provincial Cabinet. The CIC Board is comprised of non-independent members, and the Board has no nominating, compensation or audit and finance committees. The CIC Board acts as an audit and finance committee by approving CIC's financial statements, and meeting with external auditors and the Provincial Auditor without management present. The Chair of the CIC Board provides oversight of CIC's CEO and evaluates the performance of the CEO.

The Board held 18 meetings in 2009. All CIC Board members are provided with written materials for all board meetings in advance of the meetings. As a standing agenda item for board meetings, the Board holds in-camera sessions without management present and where all CIC Board members participate.

❖ BOARD OF DIRECTORS (continued)

As of December 31, 2009 the following served as members of the CIC Board of Directors.

Honourable
June Draude
Chair

Honourable
Bill Boyd
Vice-Chair

Honourable
Ken Cheveldayoff
Member

Honourable
Don Morgan Q.C.
Member

Honourable
Jim Reiter
Member

Honourable June Draude, Chair
Minister Responsible for Crown Investments Corporation
Minister Responsible for Information Services Corporation
Minister Responsible for Saskatchewan Government Insurance

Ms. Draude worked as a Nurse's Aide in the rural hospital of Spalding, assistant to the R.M. Secretary, as well as Secretary/Treasurer for a number of Conservation and Development Areas for 24 years. She married Martin Draude in 1967 and operated a mixed farming corporation and later owned and operated a playground manufacturing business with more than 50 employees. Before her election in 1995, Ms. Draude served as President of the Spalding Legion, President of the Watson Chamber of Commerce, Director of the Watson Economic Development Committee and Watson Economic and Diversification Co-operative. She was also the Vice-Chair of the Saskatchewan Research Council.

Ms. Draude was one of the eight MLAs who founded the Saskatchewan Party. During her terms in opposition, she served as Chair of the Public Accounts Committee, and Vice-Chair of the Intergovernmental Affairs Committee. Ms. Draude was re-elected in 1999, 2003 and 2007.

Ms. Draude was awarded the 2005 Woman of Influence Award and the title of Honorary Elder by the Yellow Quill Sauteaux First Nations for her work with First Nations.

Honourable Bill Boyd, Vice-Chair
Minister of Energy and Resources
Minister Responsible for Saskatchewan Power Corporation
Minister Responsible for Saskatchewan Opportunities Corporation

Bill Boyd is one of the founding members of the Saskatchewan Party and has been involved on the Saskatchewan political scene for nearly two decades. Mr. Boyd was the MLA for the Kindersley constituency from 1991 until he stepped down in 2002. Originally elected in 1991 as a Progressive Conservative MLA, Mr. Boyd became the leader of that party in 1994. He was re-elected in 1995. In 1997, he and three of his colleagues joined with four Liberal MLAs and founded the Saskatchewan Party. When Mr. Boyd was re-elected in 1999, he was one of 26 MLAs elected under the Saskatchewan Party banner. He was once again elected in the Kindersley constituency in the 2007 provincial election.

❖ BOARD OF DIRECTORS (continued)

Honourable Ken Cheveldayoff, Member
Minister of Enterprise
Minister Responsible for SaskEnergy Incorporated

Ken Cheveldayoff is an entrepreneur with a history of leadership, public service and community involvement. Mr. Cheveldayoff attended Carleton University in Ottawa, the University of Saskatchewan and Newport University in Southern California, receiving a B.A. (Honours) in Economics and Political Science in 1988 and a Masters of Business Administration in 1996. Mr. Cheveldayoff has been an active member of the Saskatoon community through service with the Children's Health Foundation, the Saskatoon Chamber of Commerce, the North Saskatoon Business Association, and the Provincial Exporters Association.

Mr. Cheveldayoff was first elected as MLA for Saskatoon Silver Springs in 2003. After his re-election in 2007 and the formation of the first Saskatchewan Party government, Mr. Cheveldayoff served as Minister of Crown Corporations. In May 2009, he became Minister of Enterprise, Minister Responsible for SaskEnergy and Minister Responsible for Trade.

Minister Cheveldayoff was a Senior Vice President on the 2010 Saskatchewan World Junior Hockey Championship Host Organizing Committee. He is a member of the CIC Board, Chair of the Economic Development Sub-Committee, Chair of the Enterprise Saskatchewan Board, Member of the Saskatchewan Development Fund Corporation and a member of the Standing Policy (Caucus) Committee on the Economy.

Honourable Don Morgan Q.C., Member
Minister of Justice and Attorney General
Minister Responsible for Saskatchewan Telecommunications

Don Morgan graduated from the College of Law, University of Saskatchewan, in 1978 and practiced law in Saskatoon from 1979 to 1988. Between 1988 and 1992 he was Chairman and CEO of the Saskatchewan Legal Aid Commission. He was appointed as Queen's Counsel in 1990. From 1992 to the present he has continued to practice law in Saskatoon. Mr. Morgan also served on the Saskatoon Public School Board from 1999 to 2003 including a term as Board Chair.

Mr. Morgan has volunteered for numerous organizations including: Junior Achievement, the Food Bank, Alzheimer's, the Red Cross and the United Way. He has been active with the Retinitis Pigmentosa Research Foundation and, was the founding president of the National Ride for Sight campaign, a charity that has raised more than $1 million per year.

Mr. Morgan was first elected to the Legislative Assembly in November 2003 representing the constituency of Saskatoon Southeast. He was re-elected in the 2007 provincial election.

Honourable Jim Reiter, Member
Minister of Highways and Infrastructure
Minister Responsible for Saskatchewan Transportation Company

Mr. Reiter has extensive experience in municipal governance. He has served as Director, Vice-President, and President of the Rural Municipal Administrators' Association (RMAA), as well as Executive Director. He has held numerous committee appointments for the RMAA including: Disciplinary (Chair), Board of Examiners, Board of Reference, and Salary Negotiations (Chair). Mr. Reiter was a Director on the Board of the Saskatchewan Association of Rural Municipalities (SARM) from 1996 to 2003. Among his educational accomplishments is a Senior Certificate in Local Government Administration from the University of Regina. He also served six years on the U of R Senate. He has served his community as a Justice of the Peace and Marriage Commissioner.

Mr. Reiter was first elected as the MLA for Rosetown-Elrose in the 2007 provincial election. Following the formation of a Saskatchewan Party government, Premier Brad Wall asked Mr. Reiter to serve as the Legislative Secretary to the Minister of Education, Property Tax Initiative. Mr. Reiter was a member of the caucus' Standing Policy Committee on Crowns and Central Agencies and was also a member of the legislature's Standing Committee on Crowns and Central Agencies, as well as the committee on Public Accounts.

❖ BOARD OF DIRECTORS (continued)

January 1 - May 28, 2009

For the period January 1, 2009 through May 28, 2009 the following served as the CIC Board of Directors.

Honourable
Ken Cheveldayoff
Chair

Honourable
Bill Boyd
Vice-Chair

Honourable
Ken Krawetz
Member

❖ CONFLICT OF INTEREST / CODE OF CONDUCT

As the CIC Board of Directors consists of Cabinet Ministers, they are subject to *The Members Conflict of Interest Act* and are governed by specific legislation regarding their conduct as Members of the Legislative Assembly and are subject to the "Code of Ethical Conduct" for Members of the Legislative Assembly. *The Crown Corporations Act, 1993* imposes a fiduciary responsibility on the CIC Board members to act in the best interests of CIC while taking into account the public policy and business objectives of CIC.

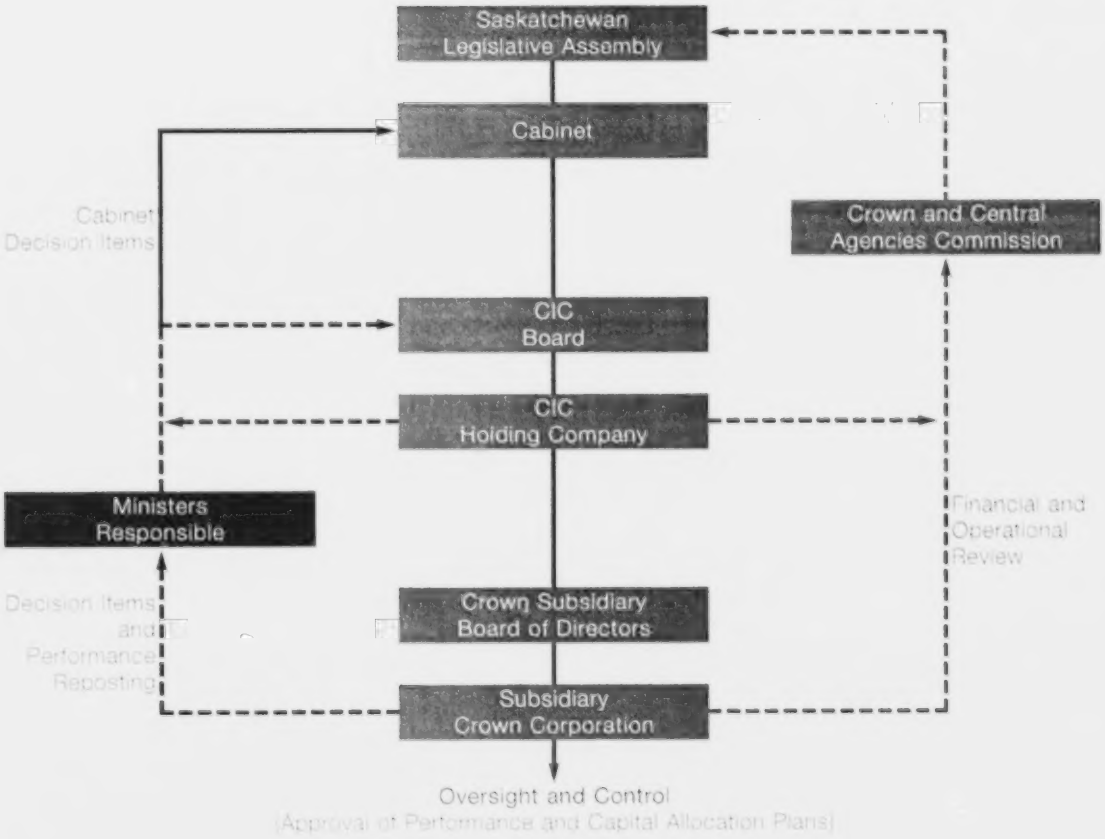
❖ EVALUATING CIC'S GOVERNANCE PRACTICES

On June 30, 2005, the Canadian Securities Administrators (CSA) National Policy 58-201 on Corporate Governance Guidelines and National Instrument 58-101 on Governance Disclosure rules came into effect. CIC has encouraged its subsidiary Crowns to follow these governance guidelines and use them as a benchmark to adapt the Boards' governance practices where effective and beneficial.CIC is committed to revisiting key elements of the decision-making processes to ensure they continue to meet best practice standards. CIC's governance structure does not allow it to fully align with the CSA Governance Guidelines.

❖ FINANCIAL AND PUBLIC ACCOUNTABILITY STRUCTURE

The ensuing chart depicts the accountability structure of Saskatchewan Crown corporations to both the Government and to the all party committee of the Legislative Assembly, the Crown and Central Agencies Committee and the reporting structure for decision items and performance management. It also identifies and delineates the oversight responsibilities of:

- the Government (as the shareholder and mandating body for the Crown corporations);
- the CIC Board (as representative of the shareholder to ensure mandates and activities are consistent with the interest and intent of Government); and
- the Crown corporation's Board of Directors (as the stewardship/management body with fiduciary duty to the Crown's operations).



CIC
Crown Investments Corporation of Saskatchewan

ANNUAL REPORT 2009

INTRODUCTION TO CIC'S FINANCIAL REPORTING

CIC's Financial Reporting 35

Understanding CIC's Financial Statements 36

CIC's 2009 Financial Highlights 37

Achieving Corporate Priorities in 2009 38

Managing Capital Resources in the Sector 39

PREFACE

The purpose of the following discussion is to provide the users of CIC's financial statements with an overview of the Corporation's financial performance and the various measures CIC uses to evaluate its financial health. This narrative on CIC's 2009 financial results should be read in conjunction with the audited consolidated and non-consolidated financial statements.

Producing two different views of CIC's operations and results, with consolidated and non-consolidated financial statements, is a cornerstone of our commitment to accountability and transparency. Explanations of the differing purposes of these statements are provided in the next pages.

In addition to the information on CIC's 2009 results, discussions also provide detailed information regarding our performance relative to our business plan, and what this means for the Crown sector in the future.

FORWARD-LOOKING INFORMATION

Throughout the Annual Report, and particularly in the following discussion, are forward-looking statements. These statements can be recognized by terms such as "outlook", "expect", "anticipate", "project", "continue", or other expressions that relate to estimations or future events. By their nature, forward-looking statements require assumptions based on current information, management experience and historical performance. Forward-looking information is subject to uncertainties, and, as a result, forward-looking statements are not a guarantee about the future performance of CIC and its subsidiary Crown corporations.

Readers should not place undue reliance on forward-looking statements, as a number of factors could cause actual results to differ materially from estimates, predictions and assumptions. Other factors that can influence performance include, but are not limited to: weather conditions, commodity markets, general economic and political conditions, interest and exchange rates, performance and competition in the Crown sector, and regulatory environment. Given these uncertainties, assumptions contained in the forward-looking statements may or may not occur.

CIC prepares two sets of financial statements, its consolidated financial statements and non-consolidated financial statements.

❖ CIC CONSOLIDATED FINANCIAL STATEMENTS

These statements illustrate CIC's results consolidated with the results of its subsidiary corporations. The financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and include:

- Financial results of subsidiary Crown corporations (SaskPower, SaskTel, SaskEnergy, SCI, ISC, SGC, STC, SaskWater, SOCO, SGGF MC[1] and SDFC);
- Financial results for CIC's wholly-owned subsidiaries (Gradworks Inc., CIC Economic Holdco Ltd., First Nations and Métis Fund Inc., CIC Apex Equity Holdco Ltd., and CIC Asset Management Inc.[2](CIC AMI));
- Dividends paid by CIC to the General Revenue Fund (GRF); and
- CIC's operating results and public policy expenditures.

[1] SGGF MC was dissolved effective March 31, 2009.

[2] Investment Saskatchewan Inc. (IS) was de-designated as a subsidiary Crown corporation pursuant to Order in Council 653/2009 effective September 10, 2009. IS is continued under the authority of *The Business Corporations Act (Saskatchewan)* as CIC Asset Management Inc. with CIC as sole shareholder.

Consolidated earnings represent the total earnings in the Crown sector, taking into consideration the elimination of all inter-entity transactions (i.e., revenues and expenses between Crown corporations and dividends paid by Crown corporations to CIC).

❖ CIC NON-CONSOLIDATED FINANCIAL STATEMENTS

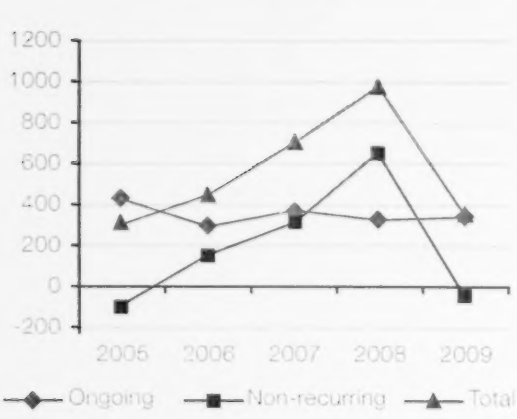
Non-consolidated earnings represent CIC's earnings as the shareholder of the Saskatchewan Commercial Crown sector. These statements assist CIC in determining its capacity to pay dividends to the GRF. The non-consolidated statements have not been and are not intended to be prepared in accordance with GAAP. These statements are intended to isolate the corporation's cash-flow, capital support for certain subsidiary Crown corporations, and public policy expenditures. These financial statements include:

- Dividends from subsidiary Crown corporations;
- Dividends paid by CIC to the GRF;
- Grants by CIC to subsidiaries; and
- CIC's operating results and public policy expenditures.

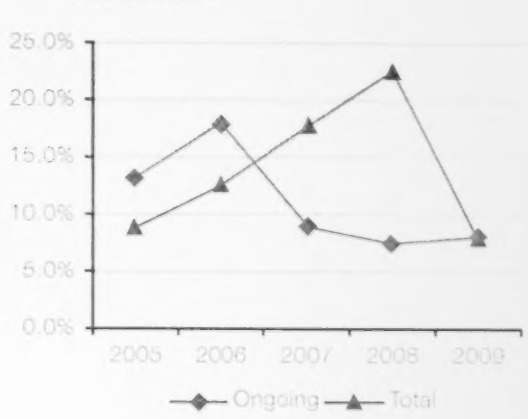
(millions of dollars)	2009	2008	2007	2006	2005
Consolidated					
Consolidated Earnings	$ 348.7	$ 978.2	$ 696.3	$ 441.1	$ 306.7
Total Consolidated Assets	10,248.5	10,586.4	9,630.9	9,661.1	9,248.4
Consolidated Debt[1]	4,212.4	4,033.6	3,858.0	3,783.6	3,860.2
Dividend to the GRF	755.0	365.0	200.0	167.0	221.0
Non-Consolidated					
Dividend Revenue	$ 258.1	$ 773.4	$ 221.1	$ 342.7	$ 299.9
Non-Consolidated Earnings	176.7	749.3	576.9	322.3	248.1
Ratios					
Consolidated Return on Equity	7.9%	22.2%	17.8%	12.6%	9.2%
Non-Consolidated Cash Return on Equity	36.8%	16.5%	10.5%	10.2%	14.3%

[1] Consolidated debt includes long-term debt, long-term debt due within one year and notes payable.

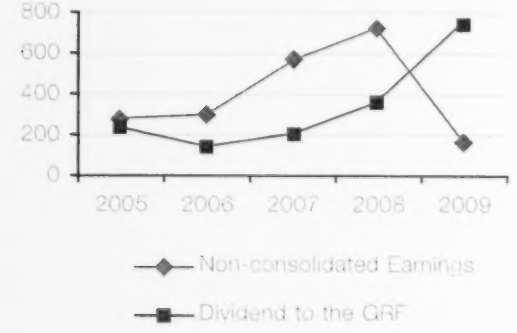
❖ CONSOLIDATED EARNINGS



❖ CONSOLIDATED RETURN ON EQUITY



❖ NON-CONSOLIDATED EARNINGS AND DIVIDENDS TO THE GRF



CIC (non-consolidated) posted lower earnings in 2009 due to lower dividends received from subsidiary Crown corporations. However, CIC's strong cash position allowed CIC to pay a dividend of $755.0 million to the GRF.

A BALANCED APPROACH TO SHAREHOLDER RETURN

- CIC is focused on providing a reasonable return to the Province. This priority must be balanced with its public policy initiatives.
- CIC declared and paid a dividend of $755.0 million to the GRF.
- CIC's consolidated return on equity was 7.9 per cent and its non-consolidated cash return on equity was 36.8 per cent in 2009.
- These returns were accomplished while supporting the following public policy initiatives:
  - Saskatchewan EnerGuide for Houses;
  - FleetNet, a provincial emergency communications network;
  - Gradworks Inc., an internship program for the Crown sector;
  - STC transportation routes in the province;
  - SaskPower carbon capture and storage demonstration projects;
  - First Nations and Métis Fund Inc., a venture capital fund focusing on the aboriginal small business sector;
  - CIC Apex Equity Holdco Ltd., a joint venture interest in Apex Investment Limited Partnership, which focuses on small and medium sized business sectors;
  - SaskTel Saskatchewan Infrastructure Improvement Program which is intended to provide broadband services to 100.0 per cent of rural Saskatchewan, cellular expansion to 98.0 per cent of the Saskatchewan population and backbone infrastructure upgrades to increase the speed of basic internet services; and
  - Feasibility study into a multi-use entertainment facility in Regina.

FINANCIAL SUSTAINABILITY

- CIC monitors the financial resources of the Crown sector to ensure that financial performance targets are achieved in the current year and that the financial sustainability of the Crown sector is maintained for the future. This includes important functions such as:
  - Forecasting available cash flows over the planning horizon for dividend payments to the GRF;
  - Ensuring Crown corporations have sufficient capital available to maintain and/or expand existing infrastructure; and
  - Examining capital structures of Crown corporations (generally consisting of debt and equity) to maintain financial health.
- All decisions that impact financial resources, such as dividends from the Crown sector, dividends to the GRF, or funding of a public policy initiative, are assessed within the context of financial self-sufficiency, while contributing to the Government's priorities for the Crown sector.
- During 2009, CIC's allocation of financial resources included the following:
  - Support of the above noted public policy initiatives;
  - Declaration and payment of a dividend to the GRF of $755.0 million; and
  - Approval of capital spending plans of subsidiary Crown corporations.

ENHANCING ACCOUNTABILITY

- CIC continues to advance its financial reporting practices in support of transparency and accountability. Examples of current practices to facilitate accountability include:
  - Quarterly reports for the Crown sector, available to the public via CIC's website;
  - Disclosure of budget information in the Government's summary financial plan;
  - Annual publication of CIC's non-consolidated financial statements to report on CIC as a holding company;
  - Within the annual reports, comparisons of Crown sector results to business plan targets;
  - Providing Internal Audit services to certain CIC subsidiary Crown corporations; and
  - Developing policies and practices for CEO/CFO certification of internal controls over financial reporting which was implemented on December 31, 2009.
- CIC continuously evaluates new standards for financial reporting and corporate governance.

CIC has a diverse range of holdings. A key priority for CIC is to manage the capital resources employed within the consolidated group of entities to optimize value in the Crown sector and also provide a return to the Province's GRF.

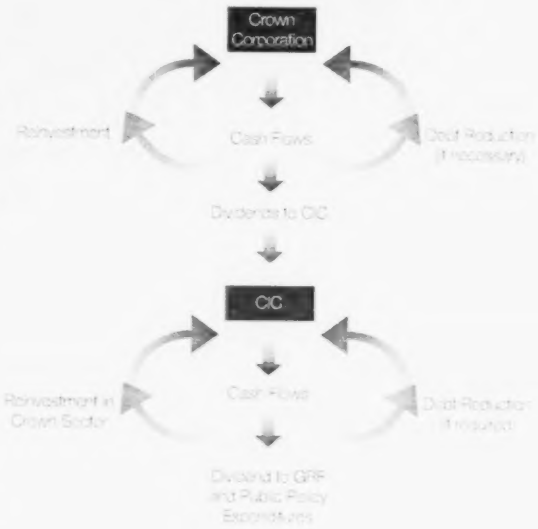
CIC manages this priority through its capital allocation framework, which is based on two integrated policies. These policies are based on the principle that there are three potential uses for cash profits:

- **Reinvestment** in our businesses to sustain infrastructure and operations, to grow and diversify revenues, and support public policy initiatives and economic development;
- **Dividends** to the holding company to be used in accordance with the CIC Dividend Policy; and
- **Debt reduction** to support the financial flexibility of CIC's operations.

The first policy, the Subsidiary Dividend Policy, focuses on managing capital resources to support the investment needs and business viability of the various business segments over the medium term. The second policy, the CIC Dividend Policy, ensures that the investments provide a return to the Saskatchewan stakeholders in support of programs paid for from the GRF.

❖ SUBSIDIARY DIVIDEND POLICY

Each commercial Crown's ability to pay dividends is determined after the CIC Board allocates a portion of cash profits to reinvestment and debt reduction. The CIC Board has approved debt and capital structure targets for CIC's subsidiaries based on industry benchmarks. Therefore, for subsidiaries that pay dividends, the amount paid is determined in relation to the target capital structure compared to the actual capital structure and medium-term reinvestment needs.



❖ CIC DIVIDEND POLICY

In a similar way, cash paid by subsidiary Crown corporations is used by CIC for reinvestment, debt reduction, and dividends to the GRF. CIC, as the holding company, currently does not have any debt. Therefore, cash is used for reinvestment and to pay dividends to the GRF. As well, CIC uses funds to support public policy initiatives.

In 2009, CIC allocated $859.8 million of capital as follows:

Reinvestment and Public Policy Expenditures:

- $103.3 million in grant funding provided to SaskTel, SaskPower, SaskEnergy, STC, and Gradworks Inc.
- $1.5 million investment in CIC Economic Holdco Ltd. and CIC Apex Equity Holdco Ltd.

Dividend:

- CIC declared a dividend to the GRF in 2009 of $755.0 million.

Debt Reduction:

- No funds were used for debt repayment as CIC (non-consolidated) does not carry debt.

❖ CIC DIVIDEND POLICY (continued)

CIC's ability to pay dividends to the GRF depends mainly on the level of Crown dividends to CIC, less CIC's operating costs. These costs include support to non-dividend paying Crown corporations and public policy expenditures. Crown dividend levels depend on their net earnings and capital structure. In addition to cash constraints, CIC's ability to declare dividends to the GRF depends on its retained earnings (a company's retained earnings are the aggregate amount of undistributed earnings since its inception). CIC's earnings and hence, dividend capacity outlook, are sensitive to adverse developments in its operating expenditures and Crown earnings forecasts.

❖ CAPITAL STRUCTURES OF CROWN CORPORATIONS

The following table summarizes the target capital structure of CIC's Crown corporations that declared dividends to CIC in 2009:

	Capital Structure Measure	Capital Structure Target	2009 Actual Capital Structure	2009 Dividend Payout Rate
SaskTel	Debt Ratio	45.0%	24.3%	80%
SaskEnergy	Debt Ratio	65.0%	63.9%	80%
SGI	MCT	291.0%	254.0%	65%
CIC AMI	Self Supporting Debt	At Target	At Target	N/A
ISC	Debt Ratio	40.0%	46.2%	90%
SGC	Debt Ratio	50.0%	50.4%	80%

Minimum Capital Test (MCT) is an indicator of financial flexibility used in the insurance industry.
CIC AMI dividend is determined by cash availability formula which is not dependant on net earnings.

❖ LIQUIDITY

CIC and its subsidiary Crown corporations borrow from the GRF, which in turn, borrows in the capital markets. With strong credit ratings, the GRF has ample access to capital for anticipated borrowing requirements.

Province of Saskatchewan Credit Ratings	
Moody's Investor Service (Moody's)	Aa1
Standard & Poor's (S&P)	AA+
Dominion Bond Rating Service (DBRS)	AA

There are three credit rating agencies in Canada that evaluate and rate the Province's sovereign debt. These ratings affect the interest rate at which the Province, including the Crown sector, can borrow funds. As the credit ratings improve, the interest rates at which the Province can borrow decreases, thereby reducing the costs of borrowing. During 2009, Moody's & S&P confirmed the Province's credit rating; DBRS upgraded the Province's credit rating to AA from AA (low).

CIC has a diverse range of holdings. A key priority for CIC is to manage the capital resources employed within the consolidated group of entities to optimize value in the Crown sector and also provide a return to the Province's GRF.

CIC manages this priority through its capital allocation framework, which is based on two integrated policies. These policies are based on the principle that there are three potential uses for cash profits:

- **Reinvestment** in our businesses to sustain infrastructure and operations, to grow and diversify revenues, and support public policy initiatives and economic development;
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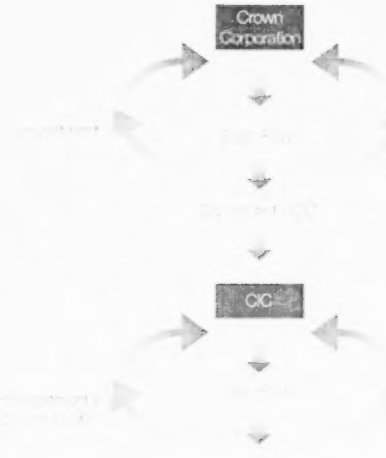
❖ SUBSIDIARY DIVIDEND POLICY

Each commercial Crown's ability to pay dividends is determined after the CIC Board allocates a portion of cash profits to reinvestment and debt reduction. The CIC Board has approved debt and capital structure targets for CIC's subsidiaries based on industry benchmarks. Therefore, for subsidiaries that pay dividends, the amount paid is determined in relation to the target capital structure compared to the actual capital structure and medium-term reinvestment needs.



❖ CIC DIVIDEND POLICY

In a similar way, cash paid by subsidiary Crown corporations is used by CIC for reinvestment, debt reduction, and dividends to the GRF. CIC, as the holding company, currently does not have any debt. Therefore, cash is used for reinvestment and to pay dividends to the GRF. As well, CIC uses funds to support public policy initiatives.

In 2009, CIC allocated $690.8 million of capital as follows:

Reinvestment and Public Policy Expenditures:

- $103.2 million in grant funding provided to SaskTel, SaskPower, SaskEnergy, STC, and Gradworks Inc.
- $1.5 million investment in CIC Economic Holdco Ltd. and CIC Apex Equity Holdco Ltd.

Dividend:

- CIC declared a dividend to the GRF in 2009 of $784.0 million.

Debt Reduction:

- No funds were used for debt repayment as CIC Industrial Consolidated does not have debt.

❖ CIC DIVIDEND POLICY (continued)

CIC's ability to pay dividends to the GRF depends mainly on the level of Crown dividends to CIC, less CIC's operating costs. These costs include support to non-dividend paying Crown corporations and public policy expenditures. Crown dividend levels depend on their net earnings and capital structure. In addition to cash constraints, CIC's ability to declare dividends to the GRF depends on its retained earnings (a company's retained earnings are the aggregate amount of undistributed earnings since its inception). CIC's earnings and hence, dividend capacity outlook, are sensitive to adverse developments in its operating expenditures and Crown earnings forecasts.

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SaskEnergy	Debt Ratio	65.0%	63.9%	50%
SGI	MCT	231.0%	254.0%	65%
CIC AM	Self Supporting Debt	At Target	At Target	N/A
ISC	Debt Ratio	40.0%	46.2%	90%
SGC	Debt Ratio	50.0%	50.4%	50%

MCT = Net Core Tier 1 Capital to Risk Weighted Assets for the insurance industry.
CIC AM = Asset management arm of CIC that manages funds and provides investment advice.

❖ LIQUIDITY

CIC and its subsidiary Crown corporations borrow from the GRF, which in turn, borrows in the capital markets. With strong credit ratings, the GRF has ample access to capital for anticipated borrowing requirements.

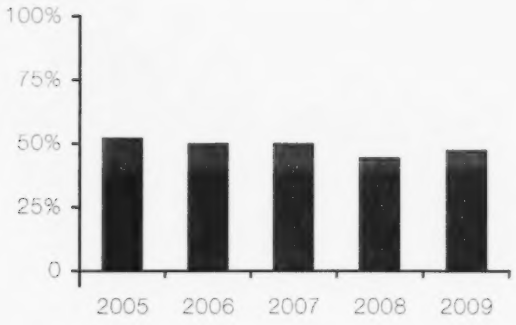
Province of Saskatchewan Credit Ratings	
Moody's Investor Service (Moody's)	Aa1
Standard & Poor's (S&P)	AA+
Dominion Bond Rating Service (DBRS)	AA

There are three credit rating agencies in Canada that evaluate and rate the Province's sovereign debt. These ratings affect the interest rate at which the Province, including the Crown sector, can borrow funds. As the credit ratings improve, the interest rates at which the Province can borrow decreases, thereby reducing the costs of borrowing. During 2009, Moody's & S&P confirmed the Province's credit rating. DBRS upgraded the Province's credit rating to AA from AA (low).

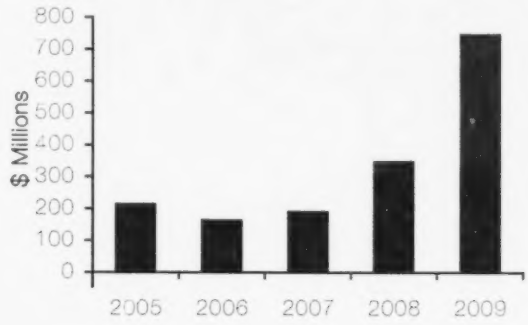
❖ FINANCIAL HEALTH AND DIVIDENDS TO THE PROVINCE

In 2009, CIC provided a dividend of $755.0 million.

Consolidated Debt Ratio



Dividends Declared to the GRF



CIC CONSOLIDATED

Analysis of Financial Results	43
Comparison of 2009 Results with 2008 Results	43
Significant Events Impacting 2009 Consolidated Results	45
Accounting Policy Developments Impacting Future Consolidated Results	47
Analysis of 2009 Consolidated Revenues and Expenses	48
Analysis of 2009 Consolidated Capital Resources	51
A Closer View of CIC's Holdings	54
Segmented Information	55
Crown Corporation Profiles	56
Consolidated Financial Statements	78

CIC
Crown Investments Corporation of Saskatchewan

ANNUAL REPORT
2009

CIC CONSOLIDATED

ANALYSIS OF FINANCIAL RESULTS

The following analysis of CIC's consolidated 2009 financial results should be read in conjunction with the audited consolidated financial statements. While this MD&A is as complete as possible, CIC is bound by confidentiality agreements with its investment partners. In some cases, these agreements limit the information that CIC can release. For purposes of the MD&A on CIC's consolidated results, "CIC" refers to the consolidated entity. CIC's consolidated financial statements are prepared in accordance with GAAP and, as such, consolidate the results of all of CIC's subsidiary corporations.

COMPARISON OF 2009 RESULTS WITH 2008 RESULTS

Net earnings for the year were $348.7 million (2008 - $978.2 million). Net earnings from ongoing operations before non-recurring items, recovery of (provision for) environmental remediation liabilities, and gain from discontinued operations were $361.0 million (2008 - $345.1 million).

CONSOLIDATED EARNINGS COMPARISON

(millions of dollars)	2009	2008	2007	2006	2005
SaskPower	$ 102.7	$ 63.5	$ 138.3	$ 92.7	$ 130.5
SaskTel	129.0	123.6	84.1	72.5	64.4
SaskEnergy	93.3	29.2	88.1	53.2	78.7
SGI	52.4	40.4	35.1	52.1	35.2
CIC AMI	(32.8)	691.0	11.5	72.9	(87.7)
ISC	15.1	22.4	23.0	8.7	8.3
SGC	25.4	19.1	-	-	-
SaskWater	0.5	(1.0)	(0.6)	0.3	(1.1)
STC	(0.8)	(0.8)	(0.3)	(0.4)	(0.6)
SOCO	4.1	5.1	3.7	4.9	5.5
CIC (Non-Consolidated)	176.7	749.3	576.9	322.3	248.1
NewGrade	-	-	74.6	102.9	88.9
Consolidation Adjustments & Other	(216.9)	(763.6)	(338.1)	(341.0)	(261.5)
Consolidated Earnings	$ 348.7	$ 978.2	$ 696.3	$ 441.1	$ 306.7
Total Assets	$10,248.5	$10,586.4	$ 9,630.9	$ 9,661.2	$ 9,248.4

Investment Saskatchewan Inc. (IS) was de-designated as a subsidiary Crown corporation pursuant to Order-in-Council 853/2009 effective September 10, 2009. IS is continued under the authority of *The Business Corporations Act (Saskatchewan)* as CIC Asset Management Inc. (CIC AM) with CIC as sole shareholder.

Consolidation adjustments reflect the elimination of all inter-entity transactions, such as grants from CIC to Crown Corporations, revenues and expenses between Crown corporations and dividends paid by Crown corporations to CIC.

❖ CONSOLIDATED EARNINGS COMPARISON (continued)

Consolidated CIC Crown sector results decreased to $348.7 million in 2009 from $978.2 million in 2008. The $629.5 million drop in earnings was mainly due to:

- SaskPower earnings of $102.7 million increased by $39.2 million from 2008 mainly due to increased revenues related to a June 1, 2009 rate increase;
- SaskTel net earnings of $129.0 million were $5.4 million higher than 2008 driven by improved net earnings from continued strong customer growth in cellular, *MAX*™ Entertainment and internet services, partially offset by lower net earnings from local access and long distance services;
- SaskEnergy net earnings of $93.3 million were $64.1 million higher than 2008 primarily due to favourable fair value adjustments related to price management tools used in the purchase and sale of natural gas, as well as a gain of $8.4 million related to the sale of Heritage Gas Limited (Heritage Gas) in 2009;
- SGI net earnings of $52.4 million increased $12.0 million from 2008 as a result of strong underwriting results in Saskatchewan, Manitoba and Alberta;
- CIC AMI recorded a net loss of $32.8 million in 2009 which was $723.8 million less than the net earnings of $691.0 million reported in 2008. The large decrease was due mainly to the $679.8 million one-time gain on sale of Saskferco Products Inc. (Saskferco) recorded in 2008, a $17.9 million impairment loss taken on Big Sky Farms Inc. (Big Sky) long-lived assets in 2009, and a $7.6 million write down on its investment in Performance Plants Inc. in 2009;
- SGC earnings of $25.4 million increased $6.3 million from 2008 due to the inclusion of twelve months of earnings in 2009 versus nine months earnings in 2008 (subsequent to its acquisition on April 1, 2008); and
- CIC (Non-Consolidated) earnings of $176.7 million decreased $572.6 million mainly due to reduced dividend revenue of $515.3 million primarily resulting from a one-time dividend of $543.0 million received from CIC AMI in 2008 related to the sale of Saskferco. Earnings were also negatively impacted by lower interest rates on cash equivalents and short-term investments resulting in a drop in interest revenue of $13.6 million from 2008.

❖ SIGNIFICANT EVENTS IMPACTING 2009 CONSOLIDATED RESULTS

During 2009, some significant events impacted CIC's consolidated results:

1. SALES OF ASSETS AND DISCONTINUED OPERATIONS

Telecommunications assets (Note 20(c) to the consolidated financial statements)

During the year, out of province telecommunications assets were sold for consideration of $1.3 million resulting in a loss on disposal of $9.0 million.

DirectWest Canada Inc. (Note 7 to the consolidated financial statements)

During the year, the Corporation disposed of the directory operations of DirectWest Canada Inc. for consideration of $4.7 million resulting in a net loss of $0.4 million.

Big Sky (Notes 7, 20(b) and 27 to the consolidated financial statements)

On November 10, 2009, Big Sky was granted creditor protection under *The Companies' Creditors Arrangement Act* in Canada, resulting in the Corporation concluding that control over Big Sky was discontinued and that the Corporation had no ability to exert significant influence over Big Sky as of that date. Accordingly, the consolidated financial statements include Big Sky's results of operations and cash flows to November 10, 2009, and no longer include Big Sky's assets, liabilities or equity at December 31, 2009. Prior to de-consolidation, certain assets of Big Sky were classified as held-for-resale resulting in a loss of $0.3 million and the Corporation recognized an impairment related to Big Sky's long-lived assets of $17.9 million.

Heritage Gas Limited (Note 7 to the consolidated financial statements)

During the year, the Corporation sold its interest in Heritage Gas for proceeds of $73.3 million resulting in a gain on sale of $8.4 million.

2. ADOPTION OF NEW ACCOUNTING STANDARDS (NOTE 2(C) TO THE CONSOLIDATED FINANCIAL STATEMENTS)

Goodwill and Intangible Assets

Effective January 1, 2009, the Corporation adopted the accounting recommendations for goodwill and intangible assets (Canadian Institute of Chartered Accountants (CICA) Handbook Section 3064) in accordance with the transition provisions of that section. The section provides further information on the recognition of internally generated intangible assets and requires intangible assets to be recognized as assets only if the definition of an intangible asset and the recognition criteria are met.

Rate Regulation

Effective for year-ends beginning on or after January 1, 2009, the CICA has amended certain sections of the CICA Handbook to remove the rate regulation exemption for recognition of certain assets and liabilities arising from rate regulation as well as other recognition and measurement guidance. The Corporation has implemented these changes with no impact on the financial statements.

3. DISSOLUTION OF SASKATCHEWAN GOVERNMENT GROWTH FUND MANAGEMENT CORPORATION (SGGF MC)

The SGGF MC was dissolved effective March 31, 2009. Therefore the results of its operations and cash flows have been included in the consolidated financial statements to that date, and no assets, liabilities or equity for SGGF MC have been consolidated as at December 31, 2009.

❖ ACCOUNTING POLICY DEVELOPMENTS IMPACTING FUTURE CONSOLIDATED RESULTS

International Financial Reporting Standards (IFRS)

The Canadian Accounting Standards Board has confirmed that publicly accountable enterprises will be required to adopt IFRS in place of Canadian GAAP for interim and annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year. In September, 2009, the Public Sector Accounting Board (PSAB), approved an amendment to the introduction to the Public Sector Accounting Handbook, which requires Government Business Enterprises (GBE's) to adopt IFRS and Other Government Organizations (OGO's) to adopt either IFRS or the public sector handbook, whichever is considered the most appropriate basis of accounting. The Corporation is publicly accountable and has therefore selected IFRS as its accounting platform.

The Corporation has commenced an IFRS conversion project including initiating the development of high level IFRS implementation plans for each subsidiary that include stakeholder identification, milestones and deadlines, planned scope and approach, risks and mitigations, project governance and accountability responsibilities, and resource requirements. An external advisor has been engaged to assist with the development of plans and to perform a detailed review of major differences between current GAAP and IFRS. Board members have been briefed on IFRS, in general, and the Corporation's project plan has been reviewed by the Boards of Directors.

Management and staff of the Corporation have participated in detailed IFRS training seminars. Project teams have completed an initial assessment of those international financial reporting standards with the highest potential for impacts.

Selection of accounting policies has been finalized and the Corporation is in the final stages of determining the impact of IFRS on processes, systems, internal controls over financial reporting and disclosures, and future financial position and results of operations. IFRS financial statement presentation formats are being finalized. Based on the analysis to date, potential significant areas are related to accounting for property, plant and equipment, employee future benefits, revenue recognition, impairment testing and financial statement disclosures.

❖ ANALYSIS OF 2009 CONSOLIDATED REVENUES AND EXPENSES

Revenues

Revenues from ongoing operations were $4,687.6 million (2008 - $4,822.9 million), a decrease of $135.3 million. The decrease was due to $47.5 million in lower sales of products and services and a $111.5 million reduction in investment revenue, partially offset by a $23.7 million improvement in other revenue.

Sales of products and services were $4,589.3 million (2008 - $4,636.8 million). The $47.5 million decrease was mainly due to lower utility, investment and economic growth activity sales, which were only partially offset by the inclusion of a full year of revenues from the entertainment segment in 2009, and higher insurance premiums.

Utility sales of products and services were $4,032.0 million (2008 - $4,116.1 million), a decrease of $84.1 million due mainly to the following:

- SaskEnergy sales revenue decreased by $104.8 million due mainly to: (1) lower natural gas prices; which were only partially offset by; (2) improved utility customer gas sales volumes; (3) higher sales from gas marketing activities; and (4) increased delivery sales as a result of improved volumes of natural gas distributed to customers and higher delivery rates;
- ISC sales revenue decreased $9.3 million due to a lower volume of land transactions, fee reductions and lower personal property registrations;
- SaskPower sales increased by $16.2 million due primarily to an 8.5 per cent increase in rates effective June 1, 2009, partially offset by lower electricity demand; and
- SaskTel sales increased by $13.8 million primarily driven by continued strong customer growth in cellular, *MAX*™ Entertainment and internet services, partially offset by reductions in local access and long distance service sales revenue.

Insurance related sales of products and services increased by $34.8 million as a result of premium growth in all jurisdictions. Saskatchewan and Alberta operations account for the majority of the increase given higher policy counts and increased insurable property values in those provinces.

Entertainment related sales of products and services increased by $33.9 million due to the inclusion of twelve months of SGC revenues in 2009 versus nine months revenue in 2008 (subsequent to its acquisition on April 1, 2008).

Sales from investment and economic growth activities decreased by $17.2 million primarily related to reduced sales from Big Sky due to weak hog commodity markets during 2009 and the Corporation discontinuing consolidation of Big Sky operating results effective November 10, 2009.

Investment revenues were $62.3 million (2008 - $173.8 million). The $111.5 million decrease is mainly related to: (1) lower investment returns given the unfavourable combination of significantly lower available interest rates, lower realized gains on bonds, and realized losses on common shares all tied to the global economic downturn; and (2) a reduction in equity earnings of $66.6 million primarily caused by the sale of Saskferco in October, 2008.

Other revenues were $36.1 million (2008 - $12.4 million). The $23.7 million increase is primarily related to the recognition of an incremental $25.6 million in deferred funding received from the GRF for qualifying expenditures on carbon capture and storage demonstration projects. An equivalent offsetting amount has been included in operating costs on the following page.

❖ ANALYSIS OF 2009 CONSOLIDATED REVENUES AND EXPENSES (continued)

Expenses

Total expenses were $4,326.6 million (2008 - $4,477.8 million), a decrease of $151.2 million. Higher depreciation and amortization, and Saskatchewan taxes and fees, were more than offset by lower operating costs and interest expenses.

Operating costs decreased by $168.5 million to $3,443.8 million (2008 - $3,612.3 million) with lower utility operating costs only partially offset by the inclusion of a full year of operating expenses from the entertainment segment.

Utility operating costs decreased by $175.9 million to $2,878.3 million (2008 - $3,054.2 million) primarily due to:

- A $24.6 million decrease at SaskPower mainly related to: (1) lower natural gas prices including an incremental $38.0 million in unrealized gains from natural gas management activities relative to 2008, partially offset by, (2) an incremental $25.6 million of expenditures on carbon capture and storage demonstration projects; (3) additional pension expenses; (4) higher wages and salaries; and (5) increased maintenance costs; and
- A $150.4 million decrease at SaskEnergy due to lower prices paid for natural gas, including an incremental $79.8 million in unrealized gains from natural gas management activities relative to 2008, partially offset by increased gas volumes sold.

Entertainment related operating costs increased $19.3 million due to the inclusion of twelve months of SGC costs in 2009 versus nine months revenue in 2008 (subsequent to its acquisition on April 1, 2008).

Operating costs related to investment and economic growth activities decreased $28.3 million primarily due to lower Big Sky expenses as a result of the continuing downturn in hog operations in 2009, and discontinuing consolidation of Big Sky operating results effective November 10, 2009.

Interest expenses decreased $6.5 million to $238.4 million (2008 - $244.9 million), due to lower interest rates on the Corporation's long-term debt balances.

Depreciation and amortization increased $14.8 million to $506.9 million (2008 - $492.1 million) mainly due to higher utility depreciation of $14.7 million related to $899.2 million in utility capital expenditures in 2009.

Saskatchewan taxes and fees increased $8.9 million to $137.5 million (2008 - $128.6 million) due mainly to an incremental $6.6 million in gaming fees paid to the GRF given the inclusion of twelve months of fees in 2009 versus nine months in 2008 (subsequent to its acquisition on April 1, 2008).

❖ ANALYSIS OF 2009 CONSOLIDATED REVENUES AND EXPENSES (continued)

Other Non-operating Revenue and Expenses

The Corporation incurred losses from non-recurring items of $23.9 million in 2009 consisting of the following (see Note 20 to the consolidated financial statements):

- The Corporation recognized an impairment of Big Sky's long-lived assets of $17.9 million due to continued low commodity prices, a strong Canadian dollar, high feed prices and the Corporation's assessment of the future success of hog operations;
- Out of province telecommunications assets were sold for consideration of $1.3 million resulting in a loss on disposal of $9.0 million; and
- Customer account intangible assets were exchanged with an unrelated corporation resulting in a gain of $3.0 million.

The Corporation also recorded a $0.5 million recovery of environmental remediation liabilities in 2009 resulting mainly from a revised estimate for remediation of its power generation assets (see Note 13(a) to the consolidated financial statements), and an $11.1 million gain from discontinued operations related to Big Sky, Heritage Gas and DirectWest Canada Inc. (see Note 7 to the consolidated financial statements).

The following table illustrates the disclosure of these items in CIC's 2009 consolidated financial statements:

(millions of dollars)		2009		2008
Non-Operating Items				
Earnings before the following:	$	361.0	$	345.1
Non-recurring items		(23.9)		(679.8)
Recovery of (provision for) environmental remediation liabilities		0.5		(48.2)
Gain from discontinued operations		11.1		1.5
Consolidated Earnings	$	348.7	$	978.2

ANALYSIS OF 2009 CONSOLIDATED CAPITAL RESOURCES

Consolidated Debt

CIC closely monitors the debt levels of its subsidiaries, utilizing the debt ratio as a primary indicator of financial health. The debt ratio measures the amount of debt in a corporation's capital structure. CIC uses this measure in assessing the extent of financial leverage and in turn, financial flexibility for its subsidiary Crown corporations. Too high a ratio relative to target, which is determined according to industry standards, indicates an excessive debt burden that may impair a corporation's ability to withstand downturns in revenues and still meet fixed payment obligations.

The ratio is calculated as net debt divided by capitalization at the end of the year.

The Corporation reviews the debt ratio targets of all its subsidiary Crown corporations on an annual basis to ensure comparability with industry standards. This review includes subsidiary Crown corporations' plans for capital spending. The target debt ratios for subsidiary Crown corporations are approved by the Board of Directors. The Corporation uses targeted debt ratios to compile a weighted average debt to equity ratio for the Crown sector. The target ratio for 2009 was 47.5 per cent.

For further information on CIC's approach to capital management, please refer to Note 14 to the audited consolidated financial statements.

The following table shows CIC's consolidated debt level and debt ratio:

(millions of dollars)	2009	2008	2007	2006	2005
Consolidated Debt	$ 4,212.4	$ 4,033.6	$ 3,858.0	$ 3,783.6	$ 3,860.2
Consolidated Debt Ratio	47.6%	44.4%	45.9%	49.9%	51.7%

Debt on a consolidated basis was $4,212.4 million at December 31, 2009, an increase of $178.8 million compared to 2008 debt of $4,033.6 million. The increase is mainly attributed to higher debt at SaskPower ($264.8 million) and SaskWater ($7.2 million) which were only partially offset by debt decreases at SaskEnergy ($13.5 million), SaskTel ($23.6 million), and CIC AMI ($59.1 million). The large increase in debt at SaskPower was required to fund a portion of the $587.9 million in 2009 capital expenditures on its aging infrastructure.

Capital Spending

CIC's spending on new investment and capital acquisitions decreased $275.7 million to $1,452.9 million (2008 - $1,728.6 million). Although the Corporation's year over year purchases of property, plant and equipment and intangible assets increased by $251.9 million, this was more than offset by $527.6 million in reduced investing activities. Higher capital spending was due mainly to: (1) a $203.9 million increase at SaskPower which included large expenditures on new customer connections and natural gas generating facilities; (2) a $21.6 million increase in spending on SaskEnergy's transmission and distribution facilities; (3) a $15.0 million increase at SaskTel in support of the Saskatchewan Infrastructure Improvement Program, enhancements to *MAX*™ Entertainment services and increased spending on buildings and equipment; (4) a $13.5 million increase at SaskWater due to commencement of major capital projects; (5) a $9.3 million increase in facility renovation capital costs at SGC; (6) $5.7 million less capital spending on infrastructure at SOCO; and (7) $6.0 million less capital spending at STC given the completion of its new head office and terminal building in Regina in 2008. Investment purchases decreased by $527.6 million due mainly to: (1) a decrease of $151.9 million in purchases by SCI given that the continued downturn in the financial markets in 2009 resulted in less turnover of SCI investments compared to the 2008 financial market; and (2) a $365.3 million decrease in short-term investment purchases by CIC (non-consolidated) given that 2008 included a one-time increase in available funds related to the sale of Saskferco.

❖ ANALYSIS OF 2009 CONSOLIDATED CAPITAL RESOURCES (continued)

Operating, Investing and Financing Activities

(millions of dollars)	2009	2008
Cash Flow Highlights		
Cash from Operations	$ 848.3	$ 746.8
Cash used in Investing Activities	(649.9)	(346.3)
Cash used in Financing Activities		
Dividends Paid	(905.0)	(415.0)
Repayment of Equity Advances	-	(130.0)
Debt Proceeds Received	94.0	513.5
Debt Repaid	(59.5)	(450.4)
Other Financing Activities	165.2	108.8
Change in Cash	$ (506.9)	$ 27.4

Cash from operations increased by $101.5 million to $848.3 million (2008 - $746.8 million). Decreased net earnings of $629.5 million were only partially offset by a $594.3 million increase in items not affecting cash from operations (see details in Note 21 to the audited consolidated financial statements) resulting in an overall cash impact from earnings which was $35.2 million less than in 2008. Also impacting cash from operations was a $9.0 million improvement in net cash inflows from discontinued operations and an increase of $127.8 million in net change in non-cash working capital balances mainly consisting of: (1) $59.7 million at SaskEnergy resulting from lower year over year accounts receivable balances; (2) $26.9 million at SaskPower and $19.6 million at SaskTel mainly caused by increased accounts payable given higher capital spending; and (3) $13.4 million at SGC given the first-time consolidation of SGC net working capital balances in 2008.

Cash used in investing activities increased $303.6 million to $649.9 million (2008 - $346.3 million) due to a combination of lower investment purchases, reduced proceeds from the sale and collection of investments and increased capital spending.

Investment purchases decreased by $527.6 million due mainly to: (1) a decrease of $151.9 million in purchases by SGI given that the continued downturn in the financial markets in 2009 resulted in less turnover of SGI investments compared to the 2008 financial market; and (2) a $365.3 million decrease in short-term investment purchases by CIC (non-consolidated) given that 2008 included a one-time increase in available funds related to the sale of Saskferco.

Proceeds from the sale and collection of investments were $646.4 million lower than 2008 primarily due to: (1) $143.5 million less proceeds at SGI given reduced investment turnover in 2009 versus 2008; and (2) the one-time receipt of $782.5 million in Saskferco sale proceeds in 2008; partially offset by: (3) a $219.8 million increase at CIC (non-consolidated) due to the payment of the dividend to the GRF through the sale of short-term investments; and (4) an increase of $73.3 million at SaskEnergy representing proceeds from the sale of Heritage Gas in October, 2009.

Capital spending, including purchases of property, plant and equipment and intangible assets, increased by $251.9 million over 2008 due mainly to customer connections, new natural gas generation facilities, improvements to natural gas transmission and distribution facilities, first-time spending on the Saskatchewan Infrastructure Improvement Program, enhancements to MAX™ entertainment services, commencement of major water-related capital projects, and gaming facility renovations.

Cash used in financing activities was $705.3 million (2008 - $373.1 million). The $332.2 million increase in cash outflows resulted from $490.0 million in higher dividends paid to the GRF, a $65.8 million increase in net sinking fund instalments, and a net decrease in debt proceeds of $28.5 million, partially offset by a $130.0 million reduction in the repayment of GRF equity advances, and a $122.1 million net increase in notes payable, other liabilities, and restricted cash and cash equivalents.

❖ ANALYSIS OF 2009 CONSOLIDATED CAPITAL RESOURCES (continued)

Comparison of 2009 Results with Budget

(millions of dollars)	2009 Earnings		2009 CIC Dividends	
	Budget	Actual	Budget	Actual
SaskPower	$ 137.5	$ 102.7	$ -	$ -
SaskTel	115.7	129.0	92.8	103.2
SaskEnergy	71.8	93.3	57.6	51.3
SGI	40.6	52.4	26.4	34.0
CIC AMI	18.7	(32.8)	-	34.0
ISC	17.0	15.1	15.3	13.6
SGC	25.4	25.4	20.3	20.3
SaskWater	(0.1)	0.5	-	-
STC	(1.1)	(0.8)	-	-
SOCO	5.0	4.1	-	-
CIC, Other, Adjustments	(28.7)	(40.2)	-	1.7
Totals	$ 401.8	$ 348.7	$ 212.4	$ 258.1

The preceding table shows results for the commercial Crown corporations in 2009 in comparison to business plan targets. Consolidated earnings for 2009 of $348.7 million were $53.1 million lower than budgeted consolidated earnings of $401.8 million. Earnings variances in the Crown sector are explained as follows:

- SaskPower earnings were $34.8 million below budget primarily due to lower than budgeted Saskatchewan sales, lower export revenue and unfavourable fair value adjustments related to natural gas management activities. These were partially offset by lower than budgeted fuel and purchased power costs and operating expenses;
- SaskTel earnings were $13.3 million higher than budget with improved wireline and internet operating revenues, lower administration expenses and reduced interest costs due to lower than anticipated borrowing for capital expenditures, only partially offset by lower than expected operating revenues from managed information, *MAX*™ Entertainment, and wireless services;
- SaskEnergy earnings were $21.5 million higher than budget primarily due to unbudgeted favourable fair value adjustments on gas management activities, and an $8.3 million gain on the sale of Heritage Gas;
- SGI earnings were $11.8 million higher than budget primarily due to strong performance from underwriting operations in Saskatchewan, Manitoba and Alberta;
- CIC AMI earnings were $51.5 million lower than budget due to lower than expected investment earnings and higher than expected investment and impairment write-downs; and
- ISC earnings were $1.9 million below budget due to lower land and personal property revenues, employee costs and lower depreciation and amortization.

Dividends to CIC in 2009 of $258.1 million were $45.7 million above budgeted dividends of $212.4 million. Dividend revenue is directly proportionate to Crown earnings. The following outlines variances in dividends from Crown corporations:

- SaskTel dividends were above budget due to higher than budgeted operating margins;
- SaskEnergy dividends were below budget due to lower than budgeted earnings before fair value adjustments;
- SGI dividends were higher than budget due to higher earnings given solid underwriting performance;
- CIC AMI dividends were higher than budget due to receipt of the remaining proceeds from the sale of its investment in Saskferco that had been held in escrow at the end of 2008; and
- ISC dividends were below budget due to lower than expected land and personal property revenues.

❖ A CLOSER VIEW OF CIC'S HOLDINGS

CIC is involved in a broad array of industries through various forms of investment. A number of investments are held as wholly-owned subsidiaries, while others are joint ventures and partnerships held either directly by CIC, or through its wholly-owned subsidiaries.

INVESTMENT	MAJOR BUSINESS LINE	FORM OF INVESTMENT
Saskatchewan Power Corporation (SaskPower)	Utilities: Electricity	wholly-owned subsidiary
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Telecommunications	wholly-owned subsidiary
SaskEnergy Incorporated (SaskEnergy)	Natural Gas	wholly-owned subsidiary
Saskatchewan Water Corporation (SaskWater)	Water and Wastewater	wholly-owned subsidiary
Information Services Corporation of Saskatchewan (ISC)	Land & Property Registration Services	wholly-owned subsidiary
Saskatchewan Government Insurance (SGI)	Insurance: Property and Casualty	wholly-owned subsidiary
Saskatchewan Gaming Corporation (SGC)	Entertainment: Gaming	wholly-owned subsidiary
CIC Asset Management Inc. (CIC AMI)	Investment and Economic Growth: Investments	wholly-owned subsidiary
Saskatchewan Opportunities Corporation (SOCO)	Infrastructure	wholly-owned subsidiary
Saskatchewan Development Fund Corporation (SDFC)	Mutual Fund	wholly-owned subsidiary
Saskatchewan Government Growth Fund Management Corporation (SGGF MC)	Immigrant Investor	wholly-owned subsidiary
Saskatchewan Transportation Company (STC)	Transportation: Passenger and Freight Transportation	wholly-owned subsidiary

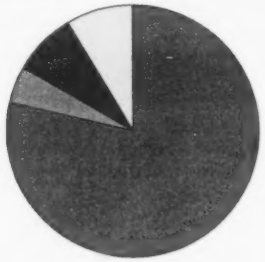
Investment Saskatchewan Inc. (IS) was de-designated as a subsidiary Crown corporation pursuant to Order in Council 665/2009 effective September 10, 2009. IS is continued under the authority of *The Business Corporations Act* (Saskatchewan) as CIC Asset Management Inc. with CIC as sole shareholder.

SGGF MC was dissolved effective March 31, 2009.

Profiles of material subsidiary Crown corporations are included in this section. SDFC and SGGF MC are immaterial to the consolidated operations to CIC and therefore profiles have not been included in this section. Each subsidiary Crown corporation prepares an annual report, which is tabled in the Legislative Assembly. For additional information, please refer to each individual Crown corporation's annual report. These annual reports can be found through CIC's website at **www.cicorp.sk.ca.**

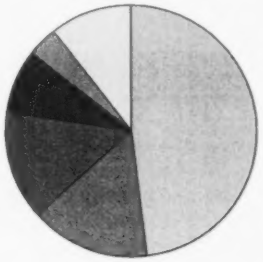
The data on the following page illustrates the importance of the utility business segment to the financial results of the Corporation. Of these corporations, SaskPower, SaskTel and SaskEnergy are the most significant in terms of assets, liabilities, and operations.

❖ TOTAL ASSETS BY BUSINESS SEGMENT



● Utilities ● Insurance
● Investment and Economic Growth ● Other

❖ TOTAL ASSETS BY CORPORATION



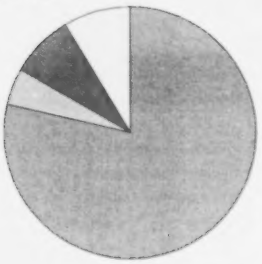
● SaskPower ● SaskEnergy
● SaskTel ● SGI
● CIC AMI ● Other

($ millions)	Utilities 2009	Utilities 2008	Entertainment 2009	Entertainment 2008	Insurance 2009	Insurance 2008	Transportation 2009	Transportation 2008	Investment & Economic Growth 2009	Investment & Economic Growth 2008	Other & Adjustments 2009	Other & Adjustments 2008	Total 2009	Total 2008
Income Statement for the year ended December 31														
Sales and other revenue	4,063	4,146	132	98	390	358	26	24	144	253	(67)	(57)	4,688	4,822
Operating expenses & other	(3,502)	(3,666)	(106)	(78)	(337)	(317)	(27)	(25)	(156)	(159)	39	40	(4,089)	(4,225)
Debt costs	(230)	(236)	(1)	(1)	-	-	-	-	(7)	(8)	-	-	(238)	(245)
Earnings before the following	331	244	25	19	53	41	(1)	(1)	(19)	86	(28)	(17)	361	352
Non-recurring items	(6)	(1)	-	-	(1)	(1)	-	-	(9)	(68)	(8)	-	(24)	(68)
Environmental remediation	4	-	-	-	-	-	-	-	(3)	(18)	-	-	1	(18)
Discontinued operations	11	1	-	-	-	-	-	-	-	-	-	-	11	1
Net Earnings	340	244	25	19	52	40	(1)	(1)	(31)	(82)	(36)	(17)	349	267
Balance Sheet as at December 31														
Current assets	866	1,006	16	25	273	270	4	5	222	244	608	1,282	2,088	2,842
Investments & other	609	851	-	-	566	446	-	-	206	276	143	239	1,514	1,812
PPE & intangibles	6,602	6,200	63	57	9	9	40	40	55	126	(24)	(10)	6,646	6,332
	8,077	7,857	79	82	848	725	44	45	483	646	727	1,511	10,248	10,986
Current liabilities	1,306	946	27	26	433	378	3	3	42	150	(127)	71	1,684	1,582
Long-term debt	3,567	3,647	23	22	-	-	-	-	24	39	-	2	3,614	3,710
Other	242	169	-	-	178	171	32	33	117	127	136	206	705	706
	5,109	4,762	50	48	611	549	35	36	183	316	9	279	5,997	5,998
Province's equity	2,968	3,095	29	34	237	176	9	9	300	330	718	1,232	4,251	4,988
	8,077	7,857	79	82	848	725	44	45	483	646	727	1,511	10,248	10,986
Statement of Cash Flows for the year ended December 31														
Operating activities														
Ongoing operations	781	649	32	17	68	59	(1)	(1)	7	66	(33)	(21)	854	769
Discontinued operations	(6)	(17)	-	-	-	-	-	-	-	1	-	1	(6)	(15)
	775	632	32	17	68	59	(1)	(1)	7	67	(33)	(20)	848	754
Investing activities														
Capital & intangible assets	(900)	(841)	(12)	(9)	-	-	(2)	(5)	(9)	(14)	(46)	(7)	(969)	(876)
Other	75	5	-	-	(44)	(62)	-	-	66	79	219	(364)	316	(342)
	(825)	(836)	(12)	(9)	(44)	(62)	(2)	(5)	57	65	173	(371)	(653)	(1,218)
Financing activities														
Debt proceeds	87	552	6	-	-	-	-	-	1	30	-	-	94	582
Debt repayments	(52)	(429)	(4)	(4)	-	-	-	-	(3)	(5)	-	-	(59)	(438)
Dividends paid to CIC	(159)	(191)	(20)	(14)	(19)	(29)	-	-	(27)	(661)	231	161	-	-
Dividends paid to GRF	-	-	-	-	-	-	-	-	-	-	(909)	(471)	(909)	(471)
Equity (repaid) received	-	(12)	(10)	(8)	-	-	-	-	-	-	(229)	10	(239)	(10)
Other	164	129	-	-	-	-	2	2	1	14	(9)	(10)	158	135
	44	49	(28)	(26)	(19)	(29)	2	2	(28)	(622)	(916)	(310)	(955)	(942)
Change in Cash	(6)	(155)	(8)	(18)	5	(32)	(1)	(4)	36	(90)	(776)	(701)	(760)	(1,406)

✣ A CLOSER VIEW OF CIC'S HOLDINGS

INVESTMENT	MAJOR BUSINESS LINE	FORM OF INVESTMENT
	Utilities Electricity	
	Telecommunications	
	Natural Gas	
	Water and Wastewater	
	Gaming	
	Insurance Property and Casualty	

TOTAL ASSETS BY BUSINESS SEGMENT



- Utilities
- Investment and Economic Growth
- Insurance
- Other

TOTAL ASSETS BY CORPORATION

- SaskPower
- SaskTel
- CIC AM
- SaskEnergy
- SGI
- Other

($ millions)	Utilities 2009	Utilities 2008	Entertainment 2009	Entertainment 2008	Insurance 2009	Insurance 2008	Transportation 2009	Transportation 2008	Investment & Economic Growth 2009	Investment & Economic Growth 2008	Other & Adjustments 2009	Other & Adjustments 2008	Total 2009	Total 2008
Income Statement for the year ended December 31														
Net Income														
Balance Sheet as at December 31														
Total Assets														
Statement of Cash Flows for the year ended December 31														
Cash Provided by Operating Activities														
Cash Used in Investing Activities														
Cash Provided by Financing Activities														
Net Increase (Decrease) in Cash														

❖ CROWN CORPORATION PROFILES

SaskPower

UTILITIES

❖ COMPARISON OF 2009 RESULTS WITH 2008 RESULTS

- Earnings of $102.7 million (6.5 per cent return on equity) were $39.2 million higher than in 2008 (4.2 per cent return on equity). Both revenues and expenditures increased in 2009 with revenue growth outpacing expenditure growth.
- Revenue of $1,545.9 million (2008 - $1,489.2 million) increased due to an 8.5 per cent rate increase on June 1, 2009 and grant funding for the Boundary Dam Integrated Carbon Capture and Sequestration project (ICCS). These increases were partially offset by reduced electricity demand.
- Expenses of $1,443.2 million (2008 - $1,425.7 million) increased due to additional pension expenses required to fund the plans, ICCS spending (which was 100.0 per cent offset by ICCS grants), rising wages and salaries and higher maintenance costs. These were partially offset by lower natural gas prices.
- Gross debt of $2,845.5 million (2008 - $2,578.3 million) increased as a result of higher capital expenditures required to replace aging infrastructure. The additional debt resulted in an increase in the debt ratio from 60.7 per cent in 2008 to 61.4 per cent in 2009.
- SaskPower invested $640.0 million (2008 - $422.0 million) in various capital projects including new generation, customer connects and the life extension of existing infrastructure.
- Dividends declared to CIC were $Nil (2008 - $46.0 million). CIC has suspended dividends due to SaskPower's significant capital requirements.

❖ KEY FINANCIAL DATA

	2009 Actual	2009 Bus. Plan	2008 Actual	2007 Actual	2006 Actual	2005 Actual
Net earnings	$ 102.7M	$ 137.5M	$ 63.5M	$ 138.4M	$ 82.7M	$ 139.5M
Dividend declared to CIC	$ 0.0M	$ 0.0M	$ 46.0M	$ 97.0M	$ 82.2M	$ 84.8M
Total assets	$ 4,948.8M	$ 5,354.0M	$ 4,520.2M	$ 4,476.5M	$ 4,364.0M	$ 4,271.0M
ROE	6.5%	8.5%	4.2%	9.3%	6.4%	9.2%
Debt ratio	61.4%	63.4%	60.7%	59.7%	61.0%	60.9%

❖ COMPARISON OF 2009 RESULTS WITH BUDGET

- Earnings were $34.8 million below the budget of $137.5 million primarily due to a decrease in Saskatchewan sales and lower exports. These were offset by lower fuel and purchased power costs and an improvement in unrealized gains/losses on natural gas hedges.
- Revenues were $184.7 million lower than the budget of $1,730.6 million as a result of lower sales volumes in Saskatchewan, an 8.5 per cent increase as opposed to a budgeted 13.0 per cent system-wide rate increase, and fewer export opportunities, which were partially offset by increased ICCS funding.
- Expenses were $149.9 million lower than the $1,593.1 million budget primarily due to lower fuel and purchased power costs as a result of lower natural gas costs, an improved fuel mix, and a decrease in demand.

CROWN CORPORATION PROFILES

SaskPower

UTILITIES

2010 OUTLOOK

- Earnings are expected to increase in 2010 to about $134.2 million largely as a result of higher electricity demand as well as an anticipated 7.0 per cent system-wide average rate increase.
- These increases are expected to be offset by higher expenses in 2010. The increase is driven by higher natural gas costs to meet increased demand, increased pension expenses, investments in improving customer service and business processes (the service delivery renewal project), and higher depreciation expense as a result of capital additions.
- SaskPower plans to continue making significant investments in its aging generation, transmission and distribution infrastructure with anticipated capital expenditures of approximately $832.1 million in 2010.

KEY FACTORS AFFECTING PERFORMANCE

- Weather conditions can impact both electricity demand and availability of low cost hydroelectric generation.
- Export opportunities play a key role in financial results and are dependent on a number of factors including: transmission system availability, prices in export markets, and demand for electricity both within Saskatchewan and within export markets.
- Natural gas costs represent the largest expenditure for the organization and are susceptible to significant volatility. Although SaskPower actively manages its natural gas costs to mitigate price volatility, a change in the market price of natural gas will have a significant impact on financial results.
- A significant portion of SaskPower's generation is thermal based and is associated with greenhouse gas emissions. Should environmental regulation increase, there is a risk that SaskPower will have to pay significant penalties to offset its emissions.
- Equipment failure can lead to costly repairs and may necessitate utilizing higher cost generation sources or importing power from other jurisdictions at higher prices. SaskPower undertakes regular maintenance of its electricity infrastructure to mitigate this risk.

KEY OPERATIONAL DATA

	2009	2008	2007	2006	2005
Permanent full-time employees	2,653	2,541	2,488	2,468	2,425
Total customers	467,329	460,006	451,713	445,569	441,692
Residential & avg usage (kWh)	8,560	8,275	8,229	8,030	8,085
Power lines (kilometres)	157,573	156,661	155,818	156,055	154,269

❖ CROWN CORPORATION PROFILES

SaskPower

UTILITIES

❖ COMPARISON OF 2009 RESULTS WITH 2008 RESULTS

- Earnings of $102.7 million (6.6 per cent return on equity) were $39.2 million higher than in 2008 (4.2 per cent return on equity). Both revenues and expenditures increased in 2009 with revenue growth outpacing expenditure growth.
- Revenue of $1,645.9 million (2008 - $1,489.2 million) increased due to an 8.0 per cent rate increase on June 1, 2009 and grant funding for the Boundary Dam Integrated Carbon Capture and Sequestration project (ICCS). These increases were partially offset by reduced electricity demand.
- Expenses of $1,443.2 million (2008 - $1,425.7 million) increased due to additional pension expenses required to fund the plans, ICCS spending (which was 100.0 per cent offset by ICCS grants), rising wages and salaries and higher maintenance costs. These were partially offset by lower natural gas prices.
- Gross debt of $2,840.0 million (2008 - $2,678.3 million) increased as a result of higher capital expenditures required to replace aging infrastructure. The additional debt resulted in an increase in the debt ratio from 60.7 per cent in 2008 to 61.4 per cent in 2009.
- SaskPower invested $640.0 million (2008 - $422.0 million) in various capital projects including new generation, customer connects and the life extension of existing infrastructure.
- Dividends declared to CIC were $Nil (2008 - $48.0 million). CIC has suspended dividends due to SaskPower's significant capital requirements.

❖ KEY FINANCIAL DATA

	2009 Actual	2009 Bus. Plan	2008 Actual	2007 Actual	2006 Actual	2005 Actual
	$ 102.7M	$ 137.5M				
	$ 0.0M	$ 0.0M				
	$ 4,948.8M	$ 5,354.0M				
	6.5%	8.5%				
	61.4%	63.4%				

❖ COMPARISON OF 2009 RESULTS WITH BUDGET

- Earnings were $34.8 million below the budget of $137.5 million primarily due to [illegible] SaskEnergy sales and lower exports. These were offset by lower fuel and purchased power costs and by an improvement in unrealized gains/losses on natural gas hedges.
- Revenue was $158.1 million lower than the budget of $1,804.0 million as a result of lower volumes in SaskEnergy, [illegible] 8.0 per cent rate increase approved in a budget [illegible] system sales mix, [illegible] and lower [illegible] ICCS funding.
- Expenses were $143.0 million lower than the $1,586.5 million budget primarily due to lower fuel and purchased power costs as a result of lower [illegible] and lower [illegible] ICCS spending.

CROWN CORPORATION PROFILES

SaskPower

UTILITIES

2010 OUTLOOK

- Earnings are expected to increase in 2010 to about $134.2 million largely as a result of higher electricity demand as well as an anticipated 7.0 per cent system-wide average rate increase.
- These increases are expected to be offset by higher expenses in 2010. The increase is driven by higher natural gas costs to meet increased demand, increased pension expenses, investments in improving customer service and business processes (the service delivery renewal project), and higher depreciation expense as a result of capital additions.
- SaskPower plans to continue making significant investments in its aging generation, transmission and distribution infrastructure with anticipated capital expenditures of approximately $532.1 million in 2010.

KEY FACTORS AFFECTING PERFORMANCE

- Weather conditions can impact both electricity demand and availability of low cost hydroelectric generation.
- Export opportunities play a key role in financial results and are dependent on a number of factors including: transmission system availability, prices in export markets, and demand for electricity both within Saskatchewan and within export markets.
- Natural gas costs represent the largest expenditure for the organization and are susceptible to significant volatility. Although SaskPower actively manages its natural gas costs to mitigate price volatility, a change in the market price of natural gas will have a significant impact on financial results.
- A significant portion of SaskPower's generation is thermal based and is associated with greenhouse gas emissions. Should environmental regulations increase, there is a risk that SaskPower will have to pay significant penalties to offset its emissions.
- Equipment failure can lead to costly repairs and may necessitate utilizing higher cost generation sources or importing power from other jurisdictions at higher prices. SaskPower undertakes regular maintenance of its electricity infrastructure to mitigate this risk.

KEY OPERATIONAL DATA

	2009	2008	2007	2006	2005
	2,653				
	467,329				
	8,560				
	157,573				

CROWN CORPORATION PROFILES

SaskTel

UTILITIES

COMPARISON OF 2009 RESULTS WITH 2008 RESULTS

- Earnings for the year are $129.0 million, up $5.4 million from 2008. Earnings from operations was $151.2 million and cash provided by operating activities was $319.0 million, which enabled SaskTel to self-finance most of its capital expenditures, acquisitions, debt obligations and dividend requirements.
- Operating revenues for the year are $1,152.8 million, up $13.7 million from 2008. The increase was primarily driven by continued strong customer growth in cellular, MAX™ Entertainment and internet services. Increases in these services were partially offset by reductions in local access and long distance services.
- Operating expenses for the year are $1,001.6 million, up $6.5 million from 2008. The increase was driven primarily by increased expenses to support cellular and MAX™ Entertainment Services revenue growth, and increases to depreciation and amortization expenses. These increases were partially offset by a reduction in restructuring charges and by a reduction in the write down of assets held for sale.
- Interest costs of $22.5 million (2008 - $23.1 million) decreased primarily due to reduced debt levels for most of the year.
- Debt decreased to $339.2 million (2008 - $362.7 million) due to the repayment of notes payable.
- Net capital expenditures for the year are $189.3 million, down $30.0 million from 2008, primarily due to reduced spending for wireless spectrum in 2009 and funding received for the Rural Infrastructure Program (RIP). SaskTel acquired spectrum for $66.0 million in 2008 through the Advanced Wireless Services (AWS) auction. This reduction was partially offset by an increase in property, plant and equipment expenditures of $75.1 million, part of which ($45.6 million) was funded by CIC. Spending increased to support the Saskatchewan Infrastructure Improvement Program, enhancements to MAX™ entertainment services and increased spending on buildings and equipment.
- Debt ratio of 24.3 per cent (2008 - 27.3 per cent) declined as a result of repayment of long-term debt, reduced notes payable and increased sinking funds, partially offset by reduced cash and short-term investments.
- Return on equity increased to 16.2 per cent (2008 - 16.1 per cent) consistent with higher earnings.
- Dividends of $103.2 million were declared in 2009 (2008 - $78.9 million).

KEY FINANCIAL DATA

	2009 Actual	2009 Bus. Plan	2008 Actual	2007 Actual	2006 Actual	2005 Actual
Earnings	$ 129.0M	$ 115.7M	$ 123.6M	$ 66.1M	$ 72.5M	$ 64.4M
Dividend declared to CIC	$ 103.2M	$ 92.8M	$ 78.9M	$ 30.0M	$ 30.0M	$ 57.6M
Total assets	$ 1,416.8M	$ 1,645.7M	$ 1,356.6M	$ 1,296.5M	$ 1,254.9M	$ 1,213.4M
ROE	16.2%	14.5%	16.1%	11.5%	13.7%	13.7%
Debt ratio	24.3%	36.6%	27.3%	27.7%	30.4%	25.5%

CROWN CORPORATION PROFILES

SaskTel

UTILITIES

COMPARISON OF 2009 RESULTS WITH BUDGET

- Net earnings of $129.0 million was $13.3 million higher than budget.
- Operating revenues of $1,152.8 million were $32.2 million lower than budget primarily due to a reduction of revenues related to the sale of SaskTel's out of province operations and DirectWest Canada as well as reduced revenues from managed information services, *MAX*™, and wireless revenues partially offset by increased wireline data and access revenues as well as internet revenues.
- Operating expenses of $1,001.6 million were $41.7 million favourable mainly related to the sale of SaskTel's out of province operations as well as reduced bad debt expense, salaries and benefits, restructuring and a sales tax refund partially offset by unfavourable direct expenses, pension income and contract expenses related to network provisioning and systems development.
- Interest costs of $22.5 million were $7.4 million lower than budget. Lower than anticipated capital spending on property, plant and equipment resulted in reduced borrowing requirements.

2010 OUTLOOK

- SaskTel's targeted 2010 net earnings is $115.2 million.
- Revenues from growth initiatives including cellular, internet and *MAX*™ Entertainment services are projected to increase while revenues from local and long distance services are expected to decline. SaskTel forecasts in excess of $1.0 billion gross revenues for the fifth year in a row.
- SaskTel will continue to focus on productivity gains to further decrease costs.
- SaskTel has budgeted $377.9 million on capital expenditures during 2010.

KEY FACTORS AFFECTING PERFORMANCE

- Industry transformation including continued convergence and next generation technologies delivering internet protocol (IP) services through traditional and new, non-traditional competitors.
- Competitive pressures in all markets and the decline of traditional revenues.
- Ability to implement strategies to capture new growth revenues and retain existing revenue base.
- Challenges of meeting cost reduction targets through improved productivity, while providing exceptional customer service and meeting the communications needs of the people of Saskatchewan.
- Changes in policies and regulations coming from Canadian Radio-television and Telecommunications Commission decisions and from Industry Canada.

KEY OPERATIONAL DATA

	2009	2008	2007	2006	2005
Permanent full time employees	3,479	3,659	3,797	3,835	3,935
Operating revenues	$ 1,152.8M	$ 1,197.9M	$ 1,061.7M	$ 1,009.6M	$ 979.9M
Network access services	543,585	555,666	565,647	576,269	591,813
Cellular access services	541,105	502,020	432,216	402,676	360,137
Internet access services	225,125	216,062	205,837	192,623	178,288
Originating minutes (M)	1,350.5	1,397.7	1,368.8	1,390.8	1,390.6

❖ CROWN CORPORATION PROFILES

SaskEnergy

UTILITIES

❖ COMPARISON OF 2009 RESULTS WITH 2008 RESULTS

- A low natural gas price environment prevailed for most of 2009. This resulted in a significant decline in natural gas wells drilled in the Province, lower transmission and storage related flows on the system and lower demand for natural gas by-products. Lower gas prices provided opportunities for SaskEnergy to realize incremental revenue through its gas marketing efforts. SaskEnergy experienced positive growth in its customer base in 2009, consistent with historical trends.
- Earnings of $93.3 million (2008 - $29.2 million) increased primarily due to favourable fair value adjustments related to price management tools used by SaskEnergy in the purchase and sale of natural gas. In 2009, there were favourable fair value adjustments of $29.3 million (2008 - $24.7 million unfavourable fair adjustments). Also included in net earnings is a gain of $8.3 million related to the sale of SaskEnergy's 50.1 per cent interest in Heritage Gas Limited. Operating net earnings, before the effects of fair value adjustments, was $64.0 million (2008 - $53.9 million).
- Revenues were $1,197.2 million (2008 - $1,301.1 million). The decrease in revenues was mainly attributable to lower natural gas rates. The impact of lower rates was partially offset by increased delivery rates, gas marketing activities and sales volumes to utility and delivery customers.
- Expenses of $1,117.2 million decreased (2008 - $1,276.6 million) primarily due to lower prices paid for natural gas. This was partially offset by higher operating and maintenance expenses including a change in accounting policy for intangible assets.
- SaskEnergy had a gain on commodity sales of $33.6 million (2008 - $37.9 million loss). SaskEnergy utilizes a natural gas purchase price risk management program to assist in managing the volatility of natural gas purchase prices and may use various natural gas derivative contracts. The related fair value adjustments of these contracts are included in the cost of gas sold. In 2009, the net effect of the fair value adjustments was to decrease the cost of gas sold, reported as a gain on commodity sales.
- Debt, which includes short and long-term debt, decreased to $904.1 million (2008 - $914.8 million) as a result of proceeds from the sale of SaskEnergy's 50.1 per cent interest in Heritage Gas Limited ($73.3 million) and was partially offset by debt issues used to fund capital expenditures and purchases of natural gas inventory.
- Capital investment was $130.3 million (2008 - $114.6 million) with the majority spent on ensuring the safe and reliable operation of over 80,000 kilometers of transmission and distribution systems.
- SaskEnergy's debt ratio was 63.9 per cent (2008 - 66.4 per cent) which coincides with the decrease in debt, and higher retained earnings.
- Return on equity of 13.5 per cent (2008 - 12.5 per cent) increased corresponding with the higher net earnings.
- Dividends of $51.2 million (2008 - $42.9 million) were declared to CIC.

❖ KEY FINANCIAL DATA

	2009 Actual	2009 Bus. Plan	2008 Actual	2007 Actual	2006 Actual	2005 Actual
Earnings	$ 93.3M	$ 71.8M	$ 29.2M	$ 68.1M	$ 53.2M	$ 76.7M
Dividends declared to CIC	$ 51.2M	$ 57.6M	$ 42.9M	$ 53.0M	$ 47.5M	$ 29.4M
Total assets	$ 1,571.9M	$ 1,571.0M	$ 1,560.1M	$ 1,411.4M	$ 1,327.7M	$ 1,371.6M
ROE	13.5%	15.3%	12.5%	15.4%	14.7%	20.7%
Debt ratio	63.9%	65.0%	66.4%	62.8%	63.4%	63.6%

CROWN CORPORATION PROFILES

SaskEnergy

UTILITIES

COMPARISON OF 2009 RESULTS WITH BUDGET

- Net earnings was $21.5 million above the $71.8 million budget primarily due to favourable fair value adjustments of $29.3 million, as well as the $8.3 million gain on the sale of SaskEnergy's 50.1 per cent interest in Heritage Gas Limited, which were not included in the budget. These were partially offset by lower than budget transportation, gas processing and liquid sales activity and lower than budget royalties.
- Revenues were $172.1 million lower than the $1,369.3 million budget as gas marketing and commodity revenues decreased as a result of lower natural gas prices.
- Expenses were $186.6 million below the budget of $1,303.8 million due to lower cost of natural gas sold associated with natural gas marketing and distribution utility commodity sales.
- Dividends to CIC were $6.4 million below the budgeted dividend of $57.6 million as net earnings, before fair value adjustments, was lower than anticipated in the budget.

2010 OUTLOOK

- SaskEnergy anticipates net earnings of $68.1 million in 2010 and will target to maintain a financially sound position with annual consolidated net earnings projected between $55.0 million and $60.0 million during the period of 2010 to 2014.
- SaskEnergy anticipates future capital investments of $441.0 million over the next five years. Most of this additional capital will be spent for the purpose of maintaining, improving and expanding the natural gas transmission and distribution systems within the Province. With SaskEnergy's focus on Saskatchewan growth opportunities, approximately $88.4 million of the total amount has been forecast for strategic investments within Saskatchewan. These investments will generate incremental earnings for SaskEnergy and support economic development within the Province.
- In 2010, SaskEnergy will continue to demonstrate environmental leadership through initiatives focused on the reduction of greenhouse gas emissions (both internally and by customers) as well as administering Provincial and Federal energy conservation programs for customers.
- SaskEnergy will create value for the owner by generating industry-comparable returns on operations, paying dividends and preserving an appropriate long-term capital structure.

KEY FACTORS AFFECTING PERFORMANCE

- Volatility of natural gas prices - a 10.0 cent per Gigajoule change in the market price of natural gas can affect the cost of natural gas by approximately $5.5 million.
- Variations in winter weather patterns - a 1.0 per cent change in winter weather can affect SaskEnergy's distribution utility revenue by approximately $0.7 million.

KEY OPERATIONAL DATA

	2009	2008	2007	2006	2005
Permanent full time employees	941	955	910	853	813
Total distribution customers	347,327	342,600	336,512	332,148	329,240
Residential average usage (MJ)	3,130	3,088	3,025	2,873	3,080
Distribution pipelines (KM)	67,166	66,829	66,460	66,163	65,992
Transmission pipelines (KM)	14,550	14,339	14,318	14,252	14,197
Compressor horsepower (HP)	87,400	89,035	89,035	88,500	94,625
Peak day gas flows (Petajoules)	1.19	1.50	1.49	1.53	1.38

CROWN CORPORATION PROFILES

SaskWater
The Quality Advantage

UTILITIES

COMPARISON OF 2009 RESULTS WITH 2008 RESULTS

- Earnings for the year were $0.5 million (2008 - loss of $1.0 million). The improvement is a result of favourable interest rates and decreased administration costs.
- Revenues of $20.8 million decreased by $0.3 million (2008 - $21.1 million) primarily due to lower revenues in non-potable water supply and the services lines of business as well as other income.
- Expenses of $20.3 million decreased by $1.8 million (2008 - $22.1 million) primarily due to decreased costs related to staffing management, amortization and interest.
- Debt was $49.1 million (2008 - $41.9 million) an increase of $7.2 million. This increase relates to short-term borrowings to finance the construction of ongoing capital projects.
- Capital spending of $17.8 million increased by $13.5 million (2008 - $4.3 million) primarily due to commencement of capital projects in 2009.
- Total water services volumes were 4.2 billion gallons (2008 - 4.7 billion gallons). The decrease was primarily due to the slowdown in the potash industry.
- Debt ratio of 58.3 per cent increased by 3.1 percentage points (2008 - 55.2 per cent) primarily due to the increase in short-term debt.

KEY FINANCIAL DATA

	2009 Actual	2009 Bus. Plan	2008 Actual	2007 Actual	2006 Actual	2005 Actual
Earnings (loss)	$ 0.5M	$ (0.1M)	$ (1.0M)	$ (0.6M)	$ 0.3M	$ (1.1M)
Grant funding from CIC	$ 0.0M	$ 0.0M	$ 0.1M	$ 0.1M	$ 0.1M	$ 35.1M
Total assets	$ 95.0M	$ 125.9M	$ 79.1M	$ 77.1M	$ 73.5M	$ 69.9M
Debt ratio	58.3%	68.8%	55.2%	53.7%	50.3%	49.4%

CROWN CORPORATION PROFILES

UTILITIES

COMPARISON OF 2009 RESULTS WITH BUDGET

- Earnings were $0.6 million greater than the budgeted loss of $0.1 million.
- Revenues were $0.9 million below the $21.7 million budget primarily due to lower than expected water volumes in the non-potable line of business.
- Expenses were $1.5 million below the $21.8 million budget primarily due to the interest rate on short-term debt being lower than budgeted as well as effective staffing management.

2010 OUTLOOK

- SaskWater has budgeted total revenues to increase by 12.0 per cent ($2.5 million) to $23.3 million.
- SaskWater expects to invest $25.0 million in water and wastewater infrastructure projects in the province.
- SaskWater has budgeted net earnings of $0.2 million in 2010.

KEY FACTORS AFFECTING PERFORMANCE

- Weather: high rainfall decreases water sales.
- Industrial customer's product market conditions.
- Construction costs for capital infrastructure.

CROWN CORPORATION PROFILES

Information Services Corporation of Saskatchewan

UTILITIES

COMPARISON OF 2009 RESULTS WITH 2008 RESULTS

- Earnings decreased to $15.1 million (2008 - $22.4 million) primarily due to a weakening housing market and fewer personal property transactions, increased employee costs partially offset by decreased depreciation and amortization.
- Although 2009 earnings decreased from 2008, ISC's earnings remain well above the average from 2004 - 2006, prior to the housing boom in 2007 and 2008.
- Revenues of $57.1 million (2008 - $66.4 million) decreased due to a lower volume of land transactions and personal property registrations.
- Operating expenses of $42.0 million (2008 - $44.0 million) decreased due to lower depreciation and amortization due largely to the property registration system development costs being fully amortized.
- Debt was $13.5 million (2008 - $13.5 million) consistent with prior year's debt.
- Capital spending was $5.3 million (2008 - $6.3 million). Spending was focused on enhanced registry services, system enhancements and technology.

KEY FINANCIAL DATA

	2009 Actual	2009 Bus. Plan	2008 Actual	2007 Actual	2006 Actual	2005 Actual
Earnings	$ 15.1M	$ 17.0M	$ 22.4M	$ 23.0M	$ 8.7M	$ 8.3M
Total assets	$ 44.7M	$ 42.1M	$ 40.1M	$ 46.8M	$ 42.2M	$ 47.4M
Return on assets	35.6%	41.1%	53.2%	51.7%	19.5%	17.0%
Debt ratio	46.2%	44.4%	39.3%	42.4%	79.0%	109.1%
Dividends paid to CIC	$ 13.6M	$ 15.3M	$ 21.1M	$ 8.0M	$ Nil	$ Nil

CROWN CORPORATION PROFILES

Information Services Corporation of Saskatchewan

UTILITIES

COMPARISON OF 2009 RESULTS WITH BUDGET

- Earnings were $1.9 million less than the $17.0 million budget, primarily due to a lower land and personal property revenues, higher employee costs offset by lower depreciation and amortization.
- Revenues were lower than the $61.0 million budget by $3.9 million, primarily due to a lower than expected volume of land transactions and personal property registrations.
- Operating expenses were $2.0 million below the $44.0 million budget, primarily due to lower technology costs and depreciation and amortization.
- Dividends paid were $1.7 million lower than the $15.3 million budget, due to lower than expected revenues.

2010 OUTLOOK

- ISC expects revenue to increase in 2010 as the real estate market has shown a return to a more balanced state. This is expected to be offset by an increase in operating expenses, leading to an overall decrease in net earnings.
- ISC will continue to focus on productivity, efficiency and cost containment in 2010, while also ensuring ISC's solid operating performance remains strong.
- Effective October 2010, Corporations Branch will transfer from the Ministry of Justice to ISC. This further leverages ISC's significant registry expertise, core competencies and infrastructure to enhance and evolve service delivery to the business community.

KEY FACTORS AFFECTING PERFORMANCE

- Volume of searches and registrations are driven by economic activity.
- Revenues are influenced by volume of transactions and property values.
- Achievement of targeted cost reductions and cost containment must receive concerted attention.

❖ CROWN CORPORATION PROFILES

SGI CANADA

INSURANCE

❖ COMPARISON OF 2009 RESULTS WITH 2008 RESULTS

- Earnings were $52.4 million (2008 - $40.4 million). The 2009 net earnings represents the highest net earnings in SGI's history. The record profit is a result of strong underwriting results in Saskatchewan, Manitoba and Alberta.
- Revenues were $390.1 million (2008 - $358.4 million). The increase is a result of premium growth in all jurisdictions. Saskatchewan and Alberta operations account for the majority of the increase and are a result of higher policy counts and increased insurable property values.
- Return on investment portfolio was 2.9 per cent compared to 3.7 per cent in 2008.
- Claims incurred increased marginally to $189.6 million (2008 - $185.6 million). Ontario operations experienced higher claims costs, primarily a result of several large house fires and summer storm activity. Claims costs decreased slightly in the prairie provinces as a result of the minimal storm activity.

❖ KEY FINANCIAL DATA

	2009 Actual	2009 Bus. Plan	2008 Actual	2007 Actual	2006 Actual	2005 Actual
Earnings	$ 52.4M	$ 40.6M	$ 40.4M	$ 35.1M	$ 35.1M	$ 35.2M
Dividend declared to CIC	$ 34.0M	$ 26.4M	$ 26.2M	$ 22.8M	$ 22.8M	$ 22.9M
Total assets	$ 827.4M	$ 819.4M	$ 717.3M	$ 707.2M	$ 662.7M	$ 645.2M
ROE	26.5%	20.3%	22.0%	20.9%	21.2%	19.2%
Minimum Capital Test	254.0%	281.0%	229.0%	228.0%	221.0%	222.0%

The Minimum Capital Test (MCT) is a capital adequacy test which uses a risk formula to determine how much capital a company is required to hold to remain solvent.

CROWN CORPORATION PROFILES

SGI CANADA

INSURANCE

COMPARISON OF 2009 RESULTS WITH BUDGET

- Earnings were $11.8 million higher than budget primarily due to strong underwriting performance from underwriting operations in Saskatchewan, Manitoba and Alberta.
- Revenues of $390.1 million exceeded budget by $2.9 million, with strong premium revenues in Saskatchewan, Manitoba, Alberta and Ontario offsetting lower than budgeted investment earnings.
- Claims incurred of $189.6 million were $14.4 million or 7.0 per cent lower than the budget, due to minimal summer storm activity in Saskatchewan and Manitoba.
- Dividends declared to CIC were $7.6 million higher than budgeted, commensurate with increased earnings.

2010 OUTLOOK

- While 2009 represents the highest net earnings in SGI's history, SGI experienced challenges in many of its markets, consistent with industry-wide experience. Personal property results suffered in most jurisdictions across the country, while the Ontario automobile market also experienced poor underwriting results. SGI expects to continue to face many underwriting challenges throughout 2010.
- SGI expects controlled growth in the markets of Alberta, New Brunswick and Nova Scotia as it continues to spread its geographic insurance risk in those jurisdictions.
- While continued investment market volatility is likely in 2010, SGI plans to maintain its well-diversified investment portfolio and prudent investment management policies and processes.
- Barring significant storm activity in 2010, SGI expects another strong year of profitability.

KEY FACTORS AFFECTING PERFORMANCE

- Weather conditions (for example, storm activity).
- Geographic diversification and the purchase of reinsurance, which passes part of the risk to other insurers, mitigate the effect of adverse weather conditions.
- Capital markets have a significant impact on investment earnings and profitability.
- Increased competition.

KEY OPERATIONAL DATA

	2009	2008	2007	2006	2005
Number of full-time equivalents	1,842				
Net premiums written	$ 393.9M				
Number of policies in force	550,821				
Number of claims	95,722				

❖ CROWN CORPORATION PROFILES

SGI

INSURANCE

The Saskatchewan Auto Fund (the Auto Fund) is not a subsidiary Crown corporation. Its results are included in this report because of SGI's administration of the Auto Fund. The results of the Auto Fund are not included in CIC's or SGI's consolidated financial statements.

❖ COMPARISON OF 2009 RESULTS WITH 2008 RESULTS

- The Auto Fund posted a deficit of $40.8 million in 2009 (2008 - $42.7 million deficit). Both years were very similar from an underwriting perspective. While premiums grew significantly due to more vehicles and a mix of newer vehicles; it was accompanied, as expected, by higher claim costs.
- Revenues increased to $686.4 million (2008 - $638.7 million) due to increased vehicle premiums, reflective of the strong Saskatchewan economy and is attributable to a newer vehicle base, in addition to continued positive growth in vehicle counts.
- Total claims and expenses were $727.2 million (2008 - $681.3 million). The increase is primarily due to higher damage claims which grew $33.5 million or 9.5 per cent, largely a result of inflationary cost increases and growth in the number of claims.
- The Rate Stabilization Reserve decreased to $67.2 million in 2009 (2008 - $102.6 million).
- The Minimum Capital Test increased to 83.0 per cent in 2009 due to a strong recovery in investment values, after significant downturn in worldwide capital markets in 2008.
- Capital spending was consistent with 2008 at $10.7 million, related to development of the new Auto Fund system and building renewal projects.

❖ KEY FINANCIAL DATA

	2009 Actual	2009 Bus. Plan	2008 Actual	2007 Actual	2006 Actual	2005 Actual
(Deficit) earnings	$ (40.8M)	$ (25.4M)	$ (42.7M)	$ 32.0M	$ 103.1M	$ 45.3M
Total assets	$ 1,496.1M	$ 1,471.7M	$ 1,342.7M	$ 1,371.7M	$ 1,317.8M	$ 1,213.4M
Minimum Capital Test	83.0%	104.0%	61.0%	132.0%	179.0%	150.0%
Rate Stabilization Reserve	$ 67.2M	$ 108.6M	$ 102.6M	$ 141.0M	$ 205.6M	$ 147.3M

The Minimum Capital Test (MCT) is a capital adequacy test widely used in the insurance industry and includes capital available to pay claims compared to capital required. The Auto Fund introduced the measure in 2002.

CROWN CORPORATION PROFILES

SGI

INSURANCE

COMPARISON OF 2009 RESULTS WITH BUDGET

- Deficit of $40.8 million was $15.4 million higher than the budget of $25.4 million. The increase was largely a reflection of the global investment market downturn, which negatively impacted investment returns in the first half of 2009.
- Revenues of $686.4 million were $22.8 million lower than the $709.2 million budget, with the significant contributor to the variance being lower than expected investment earnings.
- Claims and expenses were $6.9 million lower than the $734.1 million budget, largely due to administrative expenses which were $4.2 million lower than planned in 2009.

2010 OUTLOOK

- With the ongoing expansion of the Saskatchewan economy, the Auto Fund continues to experience strong revenue growth attributable to a newer vehicle base, in addition to continued positive growth in vehicle counts.
- One of the primary objectives of the Auto Fund is fairness in rating which ensures that vehicle owners are paying the appropriate premium to cover the anticipated claims costs associated with their vehicle. To move closer to this target of fairness in rating, the Auto Fund plans to submit regular rate adjustment applications to the Saskatchewan Rate Review Panel for rate rebalancing.
- The Auto Fund will be focusing on important initiatives in 2010 including traffic safety, environmental stewardship, One-Part Driver License project, and Auto Fund information system redevelopment.

KEY FACTORS AFFECTING PERFORMANCE

- Weather conditions (for example, winter driving conditions and summer storm activity).
- Reinsurance protection is purchased to mitigate the effects of catastrophic events on the Rate Stabilization Reserve.
- Returns from capital markets have a significant impact on investment earnings and the Rate Stabilization Reserve balance.

❖ CROWN CORPORATION PROFILES

ENTERTAINMENT

❖ COMPARISON OF 2009 RESULTS WITH 2008 RESULTS

- SGC did not experience the same level of growth in 2009 as it did in 2008 but still managed to grow its revenues while many other Canadian casinos experienced a decline.
- On an annualized basis, earnings increased from 2008 due to a 7.0 per cent increase in guest spend per visit.
- SGC achieved a net operating earnings percentage of 40.8 per cent, compared to 41.4 per cent in 2008. This measures the net earnings before fund payments compared to total revenue generated.
- Debt increased to $29.2 million, resulting in a debt ratio of 50.4 per cent. The additional debt of $6.0 million was primarily due to spending related to facility upgrades at both Casinos Regina and Moose Jaw. SGC has set a target of 50.0 per cent debt in its capital structure which means new capital additions are expected to be financed with 50.0 per cent debt.
- 2009 capital spending was $12.5 million, approximately $10.8 million related to the facility renovations.
- SGC made an equity repayment to CIC of $10.0 million in 2009, the first installment of a plan to repay the $29.8 million equity advance CIC provided to SGC as part of its transfer to a CIC Crown corporation.

❖ KEY FINANCIAL DATA

	2009 Actual	2009 Bus. Plan	2008 Actual	2007/08 Actual[2]	2006/07 Actual[2]	2005/06 Actual[2]
Earnings	$ 25.4M	$ 25.4M	$ 19.1M	$ 42.6M	$ 34.0M	$ 29.2M
Total assets	$ 78.4M	$ 80.2M	$ 82.0M	$ 79.4M	$ 72.2M	$ 72.7M
Return on assets	64.7%	63.5%	46.7%	62.2%	48.3%	40.2%
Debt ratio	50.4%	50.0%	45.6%	N/A	N/A	N/A
Dividends paid to CIC	$ 20.3M	$ 20.3M	$ 18.3M	N/A	N/A	N/A

[1] Nine months of operations - April 1, 2008 to December 31, 2008 while payment to SIGA on behalf of Community Initiatives Fund and First Nations Trust.
[2] Twelve months of operations - April to March (before any payments to the GRF).
[3] SGC retained no equity prior to April 1, 2008.
[4] Prior to April 1, 2008, SGC was a Treasury Board Crown corporation and as such, its equity was not consolidated into CIC's.

❖ CROWN CORPORATION PROFILES

ENTERTAINMENT

❖ COMPARISON OF 2009 RESULTS WITH BUDGET

- Net earnings were on budget. However, revenue was significantly under budget which required strong expense management throughout the year to achieve the net earnings target. Operating expenses were reduced by $11.3 million (primarily advertising) to compensate for this revenue shortfall.
- The SGC 2009 budget was created during a period of optimism for the province of Saskatchewan. The revenue budget reflected that optimism and also reflected the strong results of 2008. The budget anticipated a slot revenue increase of 12.8 per cent over 2008 results; the actual slot revenue growth was 4.0 per cent.
- Net revenues were $11.3 million lower than the budget of $143.2 million due primarily to slot revenues. Table revenues were also below budget due to lower than anticipated guest counts combined with the impact of the casino renovations.

❖ 2010 OUTLOOK

- SGC expects modest revenue growth in 2010 and net earnings equivalent to 2009.
- Renovations to Casino Regina and Casino Moose Jaw will be complete early in 2010 eliminating these disruptions and ensuring a Five Star property is available to guests.
- SGC continues to focus on guest service excellence, ensuring the facilities, employees and entertainment are meeting guests' experience expectations.
- SGC's initiatives for social responsibility in 2010 will include Aboriginal and Saskatchewan procurement, the environment, community investment, and continued focus on the responsible gaming program.
- SGC corporate governance continues to improve with an enhanced enterprise risk management framework and an information technology framework that continues to move SGC toward best practices.
- SGC will continue to invest in its people and human resource practices, with corporate-wide performance management and training for core, management and aboriginal management development. The plan includes attraction and retention strategies to meet the needs of the business and move towards a 50.0 per cent Aboriginal representation target.

❖ KEY FACTORS AFFECTING PERFORMANCE

- Gaming and entertainment are discretionary expenses. As such, volatility in the economy that adversely affects customers' discretionary income and wealth has a negative impact on SGC revenues.
- Increased competition of all forms of entertainment can have an adverse impact on SGC revenues.

❖ CROWN CORPORATION PROFILES

STC
The Bus Company

TRANSPORTATION

❖ COMPARISON OF 2009 RESULTS WITH 2008 RESULTS

- STC's ridership declined in 2009 as a result of customer concerns over the Greyhound incident. The decline in ridership resulted in weaker than expected financial performance.
- Operating loss before grant funding of $10.6 million (2008 - $8.5 million loss) increased primarily due to reduced passenger service revenue combined with higher wages and benefits, occupancy, security and amortization expenses offset by reduced fuel prices.
- Operating revenues were $15.7 million (2008 - $16.3 million) while operating expenses were $26.3 million (2008 - $24.7 million).
- CIC provided grants of $9.6 million (2008 - $15.2 million) to cover the operating cash shortfall and capital expenditures.
- Capital spending was $2.3 million (2008 - $9.1 million). The decrease is primarily due to completion of construction of the new Regina facility in 2008.
- STC implemented a number of strategies to reduce the decline in ridership including new customer amenities and seat sales.

❖ KEY FINANCIAL DATA

	2009 Actual	2009 Bus. Plan	2008 Actual	2007 Actual	2006 Actual	2005 Actual
Loss	$ (0.8M)	$ (1.1M)	$ (0.8M)	$ (0.3M)	$ (0.4M)	$ (0.6M)
Operating loss	$ (10.6M)	$ (10.6M)	$ (8.5M)	$ (6.7M)	$ (5.7M)	$ (5.4M)
Operating grant from CIC	$ 7.8M	$ 7.8M	$ 6.2M	$ 5.0M	$ 4.3M	$ 3.8M
Capital grant from CIC	$ 1.8M	$ 1.8M	$ 9.0M	$ 15.0M	$ 4.3M	$ 3.9M
Subsidy per mile	$ 2.22	$ 2.05	$ 1.75	$ 1.40	$ 1.25	$ 1.23

CROWN CORPORATION PROFILES

STC
The Bus Company

TRANSPORTATION

COMPARISON OF 2009 RESULTS WITH BUDGET

- Operating loss before grant funding was the same as the $10.6 million budget loss.
- Revenues were $1.3 million lower than the $17.0 million budget due to lower passenger service revenues caused by reduced ridership.
- Expenses were $1.3 million below the $27.6 million budget primarily due to savings in fuel, advertising, consulting, and labour costs.

2010 OUTLOOK

- STC expects capital spending of $0.9 million in 2010, mainly for expenditures on building upgrades and equipment.
- New and innovative marketing of customer discount programs and other customer service enhancements will be undertaken to increase ridership.

KEY FACTORS AFFECTING PERFORMANCE

- Fluctuating fuel prices.
- Stagnant freight market.
- STC is experiencing declining ridership levels. In 2009, ridership fell partially due to carryover impacts and security concerns stemming from the 2008 Greyhound security issue. STC continues to focus on its image, services and public awareness in order to increase ridership levels and revenues.

❖ CROWN CORPORATION PROFILES

CIC Asset Management Inc.

INVESTMENT & ECONOMIC GROWTH

❖ COMPARISON OF 2009 RESULTS WITH 2008 RESULTS

- Net loss of $32.8 million compared to earnings of $691.0 million in 2008. The significant decrease in earnings is attributable to unusually high earnings in 2008 due to the $679.8 million gain from the sale of Saskferco. Additionally, during 2009, CIC AMI reported a $17.9 million write down on its investment in Big Sky and a $7.6 million write down on its Performance Plants Inc. investment.
- Revenues of $119.5 million in 2009 were significantly lower than the $893.0 million reported in 2008 due to lower gains on sale of investments, which in 2008 was primarily made up of the gain on the sale of Saskferco.
- Expenses of $131.9 million in 2009 decreased from $164.1 million reported in 2008. This is mainly due to lower operating expenses at Big Sky, which was consolidated until November 10, 2009.
- Long-term debt is $Nil in comparison to the $59.2 million reported at the end of 2008. This is due to no longer including the interest in Big Sky on a consolidated basis.
- Capital spending for property, plant and equipment was $0.6 million in 2009 as compared to $0.3 million in 2008.
- Investment disbursements of $7.0 million in 2009 are lower than the $21.4 million reported in 2008 due to decreased new investment activity by CIC AMI and its consolidated entities.
- The provision for environmental liabilities increased by $3.3 million in 2009 to $98.8 million. This increase is due to inflationary adjustments to the expected cost of remediation.

❖ KEY FINANCIAL DATA

	2009 Actual	2009 Bus. Plan	2008 Actual	2007 Actual	2006 Actual	2005 Actual
(Loss) earnings	$ (32.8M)	$ 18.7M	$ 691.0M	$ 11.5M	$ 72.4M	$ 87.7M
Dividend declared to CIC	$ 34.0M	$ Nil	$ 543.2M	$ 4.8M	$ 59.1M	$ Nil
Total assets	$ 392.8M	$ 469.6M	$ 564.5M	$ 652.2M	$ 569.1M	$ 1,042.1M
ROE	(10.9%)	6.9%	210.0%	2.4%	15.2%	16.2%
Debt ratio	N/A	N/A	19.0%	13.0%	9.1%	13.2%

(1) Formerly known as Investment Saskatchewan Inc.

❖ CROWN CORPORATION PROFILES

CIC
Asset Management Inc.

INVESTMENT & ECONOMIC GROWTH

❖ COMPARISON OF 2009 RESULTS WITH BUDGET

- CIC AMI's net loss of $32.8 million was significantly lower than the $18.7 million net earnings budgeted. This is due to lower than expected sales of goods and services and higher write-downs on the investment portfolio/assets.
- The $34.0 million dividend paid during the year related to the receipt of the final escrow payment from the Saskferco sale.

❖ 2010 OUTLOOK

- In 2010, CIC AMI will pursue its mandate to prudently manage and divest its existing portfolio of investments.
- Investment activity will be curtailed with a focus on fulfilling outstanding commitments and making follow-on/protective investments in support of its existing portfolio.
- Commodity prices for most investments are expected to remain at current levels while the North American economy stabilizes.
- If market conditions permit, CIC AMI expects to divest nine of its direct investments in 2010.

❖ KEY FACTORS AFFECTING PERFORMANCE

- CIC AMI has investments whose products are exposed to commodity markets. Valuation of these investments is closely tied to the underlying commodity prices.
- Changes in U.S./Canadian exchange rates can significantly impact the value of a commodity. As well, variation in exchange rates can significantly impact investments that buy from or sell into the U.S. markets.
- The outcome of outstanding litigation issues could have an impact on the value of some investments.
- Potential adjustments to the valuation of environmental remediation liabilities may have a material impact on future performance.

Formerly known as Investment Saskatchewan Inc.

❖ CROWN CORPORATION PROFILES

❖ COMPARISON OF 2009 RESULTS WITH 2008 RESULTS

- Earnings of $4.1 million in 2009 decreased from $5.1 million in 2008.
- Revenues of $31.8 million were up from $30.4 million in 2008. The core rental operations remain strong with revenue increasing by $3.3 million in 2009, with $2.0 million related to building completions. The remaining increase in rental revenue is the result of increased occupancy and related service revenue. The Bio Processing Centre had lower utilization in 2009 compared to 2008 resulting in decreased revenue of $1.6 million.
- Expenses of $27.7 million were up from $25.3 million in 2008. This increase is due to additional operating expenses associated with the completion of the new buildings in 2008 and 2009, increased occupancy, as well as general increases in operating expenses. Administrative expenses increased $0.2 million in 2009. There is also a combined increase of interest and amortization of $1.0 million which is directly related to increased capital investment. Due to the decreased activity at the Bio Processing Centre, associated costs decreased $0.6 million in 2009.
- Investment in capital assets of $6.2 million decreased from $14.1 million in 2008.
- Total debt outstanding at year end was $34.8 million, increasing by $0.2 million in 2009.

❖ KEY FINANCIAL DATA

	2009 Actual	2009 Bus. Plan	2008 Actual	2007 Actual	2006 Actual	2005 Actual
Earnings	$ 4.1M	$ 5.0M	$ 5.1M	$ 3.7M	$ 4.9M	$ 5.5M
Total assets	$ 66.3M	$ 80.7M	$ 64.7M	$ 51.7M	$ 39.6M	$ 34.2M
Capital spending	$ 6.2M	$ 15.1M	$ 14.1M	$ 15.9M	$ 17.6M	$ 6.4M
Debt Ratio	53.5%	63.0%	58.2%	47.7%	54.8%	N/A

CROWN CORPORATION PROFILES

INVESTMENT & ECONOMIC GROWTH

COMPARISON OF 2009 RESULTS WITH BUDGET

- Earnings were $0.9 million lower than the $5.0 million budget primarily due to lower utilization of the Bio Processing Centre.
- Revenues were $2.8 million lower than the $34.6 million budget.
- Expenses were $1.9 million lower than the budget of $29.6 million.
- Capital spending was $8.9 million below budget. New building development assumed in the budget did not proceed in 2009.

2010 OUTLOOK

- SOCO will continue to operate Saskatchewan's research parks to ensure quality infrastructure is in place to support and grow the technology sector in the province.
- SOCO will consider various alternatives to traditional development in order to address high levels of demand.
- SOCO will continue to monitor the global economy and its potential impact on tenants and Bio Processing clients.

KEY FACTORS AFFECTING PERFORMANCE

- Construction costs for new development.
- Interest rates on debt for new buildings.
- Demand for space versus the vacant space available.
- Market rental rates.
- The impact on tenants of current economic conditions.

❖ RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared by management of Crown Investments Corporation of Saskatchewan. They have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the consolidated financial statements and other information contained in this Annual Report.

The Corporation's Board of Directors is responsible for overseeing the business affairs of the Corporation and also has the responsibility for approving the financial statements. The Board of Directors is responsible for reviewing the annual financial statements and meeting with management, the Corporation's external auditors KPMG LLP, and the Provincial Auditor for Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the financial statements. Management's attestation on the adequacy of financial controls appears below. The Provincial Auditor for Saskatchewan has reported to the Legislative Assembly that financial controls are adequately functioning.

KPMG LLP has audited the consolidated financial statements. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the consolidated financial statements, appears on the following page.

Ron Styles
President & CEO

Blair Swystun, CFA
Senior Vice President & CFO

March 23, 2010

❖ ANNUAL STATEMENT OF MANAGEMENT RESPONSIBILITY

I, Ron Styles, the President and Chief Executive Officer of Crown Investments Corporation of Saskatchewan, and I, Blair Swystun, the Senior Vice President and Chief Financial Officer of Crown Investments Corporation of Saskatchewan, certify the following:

That we have reviewed the consolidated financial statements included in the Annual Report of Crown Investments Corporation of Saskatchewan. Based on our knowledge, having exercised reasonable diligence, the consolidated financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as at December 31, 2009.

That based on our knowledge, having exercised reasonable diligence, the consolidated financial statements included in the Annual Report of Crown Investments Corporation of Saskatchewan do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

That Crown Investments Corporation of Saskatchewan is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities, and Crown Investments Corporation of Saskatchewan has designed internal controls over financial reporting that are appropriate to the circumstances of Crown Investments Corporation of Saskatchewan.

That Crown Investments Corporation of Saskatchewan conducted its assessment of the effectiveness of the Corporation's internal controls over financial reporting. Based on the results of this assessment, Crown Investments Corporation of Saskatchewan can provide reasonable assurance that internal controls over financial reporting as of December 31, 2009 were operating effectively and no material weaknesses were encountered in the design or operation of the internal controls over financial reporting.

On behalf of Management:

Ron Styles
President & CEO

Blair Swystun, CFA
Senior Vice President & CFO

March 23, 2010

AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan

We have audited the consolidated statement of financial position of Crown Investments Corporation of Saskatchewan as at December 31, 2009 and the consolidated statements of operations and retained earnings, comprehensive income, accumulated other comprehensive income (loss) and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Regina, Saskatchewan

March 23, 2010

As at December 31 (thousands of dollars)		2009		2008 Restated Note 2(c)
ASSETS				
Current				
Cash and cash equivalents (Note 2(e))	$	351,862	$	878,033
Short-term investments (Note 3)		501,054		740,011
Restricted cash and cash equivalents (Note 4)		88,695		85,848
Accounts receivable (Note 5(f))		556,501		560,491
Derivative financial assets (Note 5)		51,827		47,396
Inventories (Note 6)		413,845		385,566
Prepaid expenses		124,118		127,768
Assets from discontinued operations (Note 7)		443		17,586
		2,088,345		2,842,699
Restricted cash and cash equivalents (Note 4)		163,009		231,732
Investments (Note 3)		1,157,067		1,008,683
Property, plant and equipment (Note 8)		6,447,289		6,027,194
Intangible assets (Note 9)		198,529		204,742
Other assets (Note 10)		194,278		203,352
Long-term assets from discontinued operations (Note 7)		-		68,034
	$	10,248,517	$	10,586,436
LIABILITIES AND PROVINCE'S EQUITY				
Current				
Bank indebtedness	$	12,606	$	32,643
Accounts payable and accrued liabilities		584,058		539,606
Derivative financial liabilities (Note 5)		66,664		100,971
Notes payable (Note 11)		423,725		222,480
Dividend payable to General Revenue Fund		-		150,000
Deferred revenue		415,593		390,312
Liabilities from discontinued operations (Note 7)		262		15,022
Long-term debt due within one year (Note 12)		180,834		100,840
		1,683,742		1,551,876
Long-term debt (Note 12)		3,607,801		3,710,329
Other liabilities (Note 13)		705,404		704,321
		5,996,947		5,966,526
Province of Saskatchewan's Equity				
Equity advances (Note 14)		1,051,152		1,051,152
Contributed surplus		136		722
Retained earnings		3,177,214		3,583,506
Accumulated other comprehensive income (loss) (Note 15)		23,068		(15,470)
		4,251,570		4,619,910
	$	10,248,517	$	10,586,436

Commitments and contingencies (Note 16)
(See accompanying notes)

On behalf of the Board:

Director

Director

For the Year Ended December 31 (thousand of dollars)	2009	2008 Restated Note 2(c)
REVENUE		
Sales of products and services	$ 4,589,291	$ 4,636,779
Investment (Note 3(e))	62,255	173,758
Other	36,060	12,380
	4,687,606	4,822,917
EXPENSES		
Operating costs other than those listed below	3,443,769	3,612,274
Interest (Note 17)	238,449	244,890
Depreciation and amortization (Note 18)	506,881	492,051
Saskatchewan taxes and fees (Note 19)	137,504	128,577
	4,326,603	4,477,792
Earnings before the following	361,003	345,125
Non-recurring items (Note 20)	(23,854)	679,776
Recovery of (provision for) environmental remediation liabilities (Note 13(a))	464	(48,217)
EARNINGS FROM CONTINUING OPERATIONS	337,613	976,684
Gain from discontinued operations (Note 7)	11,095	1,545
NET EARNINGS	348,708	978,229
RETAINED EARNINGS, BEGINNING OF YEAR	3,583,506	2,973,441
ADJUSTMENT DUE TO CHANGE IN ACCOUNTING POLICY AND PRIOR PERIOD ADJUSTMENT (NOTE 2(c))	-	(3,164)
	3,932,214	3,948,606
DIVIDEND TO GENERAL REVENUE FUND	(755,000)	(365,000)
RETAINED EARNINGS, END OF YEAR	$ 3,177,214	$ 3,583,606

(See accompanying notes)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended December 31 (thousand of dollars)		2009		2008 Restated Note 2(c)
NET EARNINGS	$	348,708	$	978,229
Foreign currency translation adjustments		(416)		1,948
Unrealized gain (loss) on cash flow hedges		576		(1,936)
Unrealized gain (loss) on available-for-sale financial assets		38,560		(43,169)
Reclassification for realized (gains) losses on sale of investments included in operations		(182)		1,264
Other comprehensive income (loss)		38,538		(41,893)
COMPREHENSIVE NET INCOME	$	387,246	$	936,336

(See accompanying notes)

CONSOLIDATED STATEMENT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

For the Year Ended December 31 (thousand of dollars)		2009		2008
Balance, beginning of year	$	(15,470)	$	26,423
Other comprehensive income (loss)		38,538		(41,893)
BALANCE, END OF YEAR (NOTE 15)	$	23,068	$	(15,470)

(See accompanying notes)

For the Year Ended December 31 (thousand of dollars)	2009	2008 Restated Note 2(c)
OPERATING ACTIVITIES		
Net earnings	$ 348,708	$ 978,229
Adjustments to reconcile net earnings to cash provided by operating activities (Note 21)	459,462	(134,857)
	808,170	843,372
Net change in non-cash working capital balances related to operations	46,508	(81,258)
Cash provided by operating activities from continuing operations	854,678	762,114
Cash used in operating activities from discontinued operations	(6,373)	(15,330)
Cash provided by operating activities	848,305	746,784
INVESTING ACTIVITIES		
Purchase of investments	(484,293)	(1,011,855)
Proceeds from sale and collection of investments	728,323	1,374,764
Purchase of property, plant and equipment	(913,836)	(607,911)
Purchase of intangible assets	(54,764)	(108,797)
Proceeds from sale of property, plant and equipment	2,918	3,376
Decrease in other assets	71,798	4,142
Cash used in investing activities	(649,854)	(346,281)
FINANCING ACTIVITIES		
Increase in notes payable	201,276	81,996
(Decrease) increase in other liabilities	(27,754)	235,895
Decrease (increase) in restricted cash and cash equivalents	28,587	(237,895)
Debt proceeds from General Revenue Fund	93,500	506,911
Debt repayments to General Revenue Fund	(47,265)	(441,001)
Debt proceeds from other lenders	539	6,572
Debt repayments to other lenders	(12,233)	(9,416)
Sinking fund installments	(36,987)	(33,727)
Sinking fund redemptions	-	62,548
Repayment of equity advances (Note 14)	-	(130,000)
Dividend paid to General Revenue Fund	(905,000)	(415,000)
Cash used in financing activities	(705,337)	(373,117)
NET CHANGE IN CASH DURING YEAR	(506,886)	27,386
CASH POSITION, BEGINNING OF YEAR	846,542	819,156
CASH POSITION, END OF YEAR	$ 339,656	$ 846,542
Cash position consists of:		
Cash from continuing operations	$ 351,862	$ 878,033
Bank indebtedness from continuing operations	(12,606)	(32,643)
	339,256	845,390
Cash from discontinued operations (Note 7)	400	1,152
	$ 339,656	$ 846,542

(See accompanying notes)

:: CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended December 31 (thousand of dollars)		2009		2008 Restated Note 2(c)
NET EARNINGS	$	348,708	$	978,229
Foreign currency translation adjustments		(416)		1,948
Unrealized gain (loss) on cash flow hedges		576		(1,936)
Unrealized gain (loss) on available-for-sale financial assets		38,560		(43,169)
Reclassification for realized (gains) losses on sale of investments included in operations		(182)		1,204
Other comprehensive income (loss)		38,538		(41,953)
COMPREHENSIVE NET INCOME	$	387,246	$	936,276

(See accompanying notes)

:: CONSOLIDATED STATEMENT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

For the Year Ended December 31 (thousand of dollars)		2009		2008
Balance, beginning of year	$	(15,470)	$	26,483
Other comprehensive income (loss)		38,538		(41,953)
BALANCE, END OF YEAR (NOTE 15)	$	23,068	$	(15,470)

(See accompanying notes)

For the Year Ended December 31 (thousand of dollars)	2009	2008 Restated Note 2(c)
OPERATING ACTIVITIES		
Net earnings	$ 348,708	$ [illegible]
Adjustments to reconcile net earnings to cash provided by operating activities (Note 21)	459,462	[illegible]
	808,170	[illegible]
Net change in non-cash working capital balances related to operations	46,508	[illegible]
Cash provided by operating activities from continuing operations	854,678	[illegible]
Cash used in operating activities from discontinued operations	(6,373)	[illegible]
Cash provided by operating activities	848,305	[illegible]
INVESTING ACTIVITIES		
Purchase of investments	(484,293)	[illegible]
Proceeds from sale and redemption of investments	728,323	[illegible]
Purchase of property, plant and equipment	(913,836)	[illegible]
Purchase of intangible assets	(54,764)	[illegible]
Proceeds from sale of property, plant and equipment	2,918	[illegible]
Decrease in other assets	71,798	[illegible]
Cash used in investing activities	(649,854)	[illegible]
FINANCING ACTIVITIES		
[illegible]	201,276	[illegible]
[illegible]	(27,754)	[illegible]
[illegible] cash equivalents	28,587	[illegible]
[illegible]	93,500	[illegible]
[illegible]	(47,265)	[illegible]
[illegible]	539	[illegible]
[illegible]	(12,233)	[illegible]
[illegible]	(36,987)	[illegible]
[illegible]	-	[illegible]
[illegible]	-	[illegible]
[illegible]	(905,000)	[illegible]
Cash used in financing activities	(705,337)	[illegible]
NET CHANGE IN CASH DURING YEAR	(506,886)	[illegible]
CASH POSITION, BEGINNING OF YEAR	846,542	[illegible]
CASH POSITION, END OF YEAR	$ 339,656	$ [illegible]
Cash position is made of:		
[illegible]	$ 351,862	$ [illegible]
[illegible]	(12,606)	[illegible]
	339,256	[illegible]
[illegible]	400	[illegible]
	$ 339,656	$ [illegible]

December 31, 2009

1. STATUS OF CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

Crown Investments Corporation of Saskatchewan (CIC) was established by Order in Council 535/47 dated April 2, 1947, and is continued under the provisions of *The Crown Corporations Act, 1993*.

The Corporation is an agent of Her Majesty in Right of the Province of Saskatchewan and as a Provincial Crown corporation is not subject to Federal and Provincial income taxes. Certain jointly controlled enterprises and subsidiaries are not Provincial Crown corporations and are subject to Federal and Provincial income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP), within reasonable limits of materiality, using the accounting policies summarized below:

a) Consolidation principles and basis of presentation

Certain Saskatchewan provincial Crown corporations are designated as subsidiary Crown corporations of CIC under *The Crown Corporations Act, 1993* (the Act). In addition, certain Saskatchewan provincial Crown corporations created under the Act are CIC Crown corporations. The Act assigns specific financial and other responsibilities regarding these corporations to CIC.

In addition to the Crown corporations listed below, CIC also consolidates the accounts of Gradworks Inc., a wholly-owned non-profit subsidiary, and the following wholly-owned share capital subsidiaries: CIC Asset Management Inc.[1] (CIC AMI); First Nations and Metis Fund Inc.; CIC Economic Holdco Ltd.; and CIC Apex Equity Holdco Ltd.

Separate audited financial statements for CIC have been prepared on a non-consolidated basis to show the financial position and results of operations of the corporate entity. In addition, separate audited financial statements for each of the undernoted Crown corporations are prepared and released publicly.

The following Crown corporations have been designated or created as subsidiary Crown corporations of CIC and have been consolidated in these financial statements:

Information Services Corporation of Saskatchewan (ISC)
SaskEnergy Incorporated (SaskEnergy)
Saskatchewan Development Fund Corporation (SDFC)
Saskatchewan Gaming Corporation (SGC)
Saskatchewan Government Growth Fund Management Corporation (SGGF MC)[2]
Saskatchewan Government Insurance (SGI)
Saskatchewan Opportunities Corporation (SOCO)
Saskatchewan Power Corporation (SaskPower)
Saskatchewan Telecommunications Holding Corporation (SaskTel)
Saskatchewan Telecommunications
Saskatchewan Transportation Company (STC)
Saskatchewan Water Corporation (SaskWater)

Throughout these financial statements the phrase "the Corporation" is used to collectively describe the activities of the consolidated entity.

[1] Investment Saskatchewan Inc. (IS) was de-designated as a subsidiary Crown corporation pursuant to Order-in-Council 653/2009 effective September 10, 2009. IS is continued under the authority of *The Business Corporations Act (Saskatchewan)* as CIC Asset Management Inc. with CIC as sole shareholder.

[2] SGGF MC was dissolved effective March 31, 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Joint ventures

The Corporation's interest in jointly controlled enterprises included in these financial statements are as follows:

Apex Investment Limited Partnership	60.0%
Centennial Foods Partnership	33.1%
Cory Cogeneration Funding Corporation	50.0%
Cory Cogeneration Joint Venture	50.0%
Foragen Technologies Limited Partnership	33.3%
Heritage Gas Limited (Note 7)	50.1%
Kisbey Gas Gathering and Processing Facility	50.0%
Saskatchewan Entrepreneurial Fund Joint Venture	45.5%

c) Changes in accounting policy and prior period adjustment

Effective January 1, 2009, the Corporation adopted the accounting recommendations for goodwill and intangible assets (Canadian Institute of Chartered Accountants (CICA) Handbook Section 3064) in accordance with the transition provisions of the section. This section provides further information on the recognition of internally generated intangible assets and requires intangible assets to be recognized as assets only if the definition of an intangible asset and the recognition criteria are met.

The new recommendations have been implemented retroactively resulting in certain items included in property, plant and equipment in prior years to be reclassified to intangible assets, and 2008 net earnings to be restated due to the write-off of certain intangible assets that no longer meet the recognition criteria.

In addition, revenues and expenses related to certain prepaid cellular services had been incorrectly recorded for 2008 and prior years resulting in the retroactive restatement of all periods presented.

Effective for year-ends beginning on or after January 1, 2009, the CICA has amended certain sections of the CICA Handbook to remove the rate regulation exemption for recognition of certain assets and liabilities arising from rate regulation as well as other recognition and measurement guidance. The Corporation has implemented these changes with no impact on the financial statements.

In summary, the following adjustments were made to December 31, 2008 balances as a result of the change in accounting policy and prior period adjustments (thousands of dollars):

Property, plant and equipment	$ (107,527)
Intangible assets	204,742
Other assets	(97,215)
Net earnings	1,188
Retained earnings - beginning of year	(1,365)
Retained earnings - end of year	(177)

Effective January 1, 2008, the Corporation adopted CICA Handbook Section 3031 - Inventories. The new recommendations established standards for the determination of the cost of inventories and the subsequent recognition as expense, including any write-down to net realizable value and reversals of previous write-downs for increases to net realizable value. The standard required retrospective application with no restatement of prior year results and resulted in an additional reduction to retained earnings - beginning of year of $1,799.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Variable interest entities

The Corporation consolidates certain entities over which the Corporation does not have voting control. Such an entity is referred to as a variable interest entity ("VIE"). In general, the investors of consolidated variable interest entities have recourse only to the assets of those variable interest entities and do not have recourse to the Corporation except where the Corporation has provided a guarantee to the investors.

An entity is classified as a VIE if it has: equity that is insufficient to permit the entity to finance its activities without additional subordinated financial support from other parties or; equity investors that cannot make significant decisions about the entity's operations, or that do not absorb the expected losses or receive the expected returns of the entity. A VIE is consolidated by its primary beneficiary, which is the party involved with the VIE that will absorb a majority of the expected losses or will receive the majority of the expected residual returns or both, as a result of ownership, contractual or other financial interests in the VIE.

The Corporation has determined that the following entities fall under the classification of a VIE and have been consolidated in these financial statements:

Meadow Lake Pulp Limited Partnership (MLPLP)
212822 Saskatchewan Ltd.

MLPLP's and 212822 Saskatchewan Ltd.'s impact is not material to the Corporation's consolidated operating results.

e) Cash and cash equivalents

Cash and cash equivalents include short-term investments that have a maturity date of ninety days or less. Included in cash and cash equivalents at December 31, 2009 was $81.0 million (2008 - $788.1 million) in short-term investments with a weighted average interest rate of 0.27 per cent (2008 - 1.88 per cent).

f) Inventories

Inventories for resale, including natural gas in storage held for resale, are valued at the lower of weighted average cost and net realizable value. Other supplies inventories are valued at the lower of average cost and net realizable value. In establishing the appropriate provision for supplies inventory obsolescence, management estimates the likelihood that supplies inventory on hand will become obsolete due to changes in technology. Natural gas in storage held for resale is charged to inventory when purchased and expensed as sold. Other supplies are charged to inventory when purchased and expensed or capitalized when used.

g) Deferred funding from the Province of Saskatchewan's General Revenue Fund (GRF)

Funding transferred to the Corporation from the GRF, restricted for carbon capture and storage demonstration projects, is initially recorded as restricted cash and cash equivalents. The Corporation has recorded a corresponding amount as deferred revenue which is included in other liabilities. As qualifying expenditures are made, the Corporation recognizes an equivalent amount of this funding in consolidated earnings and reduces restricted cash and cash equivalents and deferred revenue by the same amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Property, plant and equipment

Property, plant and equipment are recorded at cost and include materials, services, direct labour and overhead costs which are readily identifiable with the construction activity or asset acquisition. Interest costs associated with major capital and development projects are capitalized during the construction period at the effective interest rate of long-term borrowings in the current year. Assets under construction are recorded as in progress until operational and available for use, at which time the completed asset is transferred to property, plant and equipment.

The costs of maintenance, repairs, renewals or replacements which do not extend productive life are charged to operations as incurred. The costs of replacements and improvements which extend productive life are capitalized.

When property, plant and equipment are disposed of or retired, the related costs and accumulated depreciation are eliminated from the accounts. Any resulting gains or losses are reflected in net earnings for the year with the following exceptions: natural gas utility operations apply this general policy only to complete asset units and, gains or losses on the disposal or retirement of incomplete asset units are included in accumulated depreciation.

Customer capital contributions related to the construction of new service connections are applied against property, plant and equipment and are amortized on a straight-line basis over the estimated service life of the related asset.

i) Depreciation of property, plant and equipment

Depreciation is recorded on machinery and equipment, buildings and improvements, as well as coal properties and rights, primarily on the straight-line basis over the estimated productive life of each asset as follows:

Machinery and equipment	2 - 50 years
Buildings and improvements	5 - 40 years
Coal properties and rights	30 years

j) Intangible assets

Intangible assets with an indefinite life are not subject to amortization.

Finite-life intangible assets acquired individually, with a group of other assets or through the Corporation's authorized dealers, are recorded at cost of acquisition or development, and may include direct development costs, overhead costs directly attributable to development activity and betterment costs. These assets are amortized on a straight-line basis over the useful lives of the assets as follows:

Software	1-15 years
Customer accounts	3-10 years

The corporation annually reviews the amortization method and useful lives of finite-life intangible assets.

Intangible assets are tested annually for impairment to ensure that fair value is greater than or equal to carrying value. Any excess of carrying value over fair value is charged to earnings in the year in which the impairment is determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Asset retirement obligations

The Corporation recognizes asset retirement obligations in the period they are incurred if a reasonable estimate of fair value (net present value) can be determined. An asset retirement obligation is a legal obligation associated with the decommissioning of a long-lived asset. The Corporation recognizes asset retirement obligations to decommission facilities in the period in which the facility is commissioned. For assets that are expected to be maintained and operated indefinitely, a reasonable estimate of fair value for the assets cannot be determined and no obligation has been recorded.

The fair value of the estimated asset retirement costs is recorded as a liability in other liabilities with an offsetting amount capitalized and included as part of property, plant and equipment. The asset retirement obligations are increased annually for the passage of time by calculating accretion (interest) expense on the liability while the offsetting capitalized asset retirement costs are depreciated over the estimated useful life of the related asset. The accretion expense is calculated using an interest rate that equates to a risk-free interest rate adjusted for the credit standing of the Corporation and is included in the consolidated statement of operations and retained earnings.

The calculations of fair value are based on detailed studies that take into account various assumptions regarding anticipated future cash flows including the method and timing of decommissioning and estimates of future inflation.

Asset retirement obligations are revised periodically in accordance with changes in assumptions and estimates underlying the calculations and with experience arising from the removal of property, plant and equipment. Changes are recognized as an increase or decrease in the carrying amount of the liability for the asset retirement obligation and the related asset retirement cost.

l) Impairment of long-lived assets

The Corporation evaluates its property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. An impairment is recognized when the carrying amount of an asset exceeds the undiscounted cash flows expected from its use and eventual disposal. The amount of loss recorded is determined by deducting the asset's fair value (based on discounted cash flows from its use and disposition) from its carrying value.

m) Disposal of long-lived assets and discontinued operations

Assets held for sale are measured at the lower of their carrying amounts and fair value less costs to dispose. Assets and liabilities held for sale are reported separately on the statement of financial position. A component of the Corporation that is held for sale is reported as a discontinued operation if the operations and cash flows of the component will be eliminated from the ongoing operations as a result of the disposal transaction and the Corporation will not have a significant continuing involvement in the operations of the component after the disposal transaction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Environmental remediation liabilities

Environmental remediation liabilities are accrued when the occurrence of an environmental expenditure, related to present or past activities of the Corporation, is considered probable and the costs of remedial activities can be reasonably estimated. These estimates include costs for investigations, remediation, operations, maintenance and monitoring at identified sites and are included in other liabilities.

These liabilities are based on management's best estimate considering current environmental laws and regulations and have been recorded at undiscounted amounts. The Corporation reviews its estimates of future environmental expenditures on an ongoing basis.

o) Other assets

Natural gas in storage

Natural gas in storage is stated at the lower of weighted average cost and net realizable value. Natural gas in storage is classified as other assets when purchased and expensed when used.

Accrued pension asset

Accrued pension asset represents the surplus in the defined benefit pension plans based on long-term assumptions. The accrued pension asset is accounted for in accordance with the policy described in Note 2(u) - Employee future benefits.

Deferred supply agreements

Deferred supply agreements include payments made in accordance with long-term coal supply agreements. The Corporation is amortizing the deferred assets over the remaining life of the long-term coal supply agreements.

Goodwill

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired less liabilities assumed, based on their fair values. Goodwill is allocated as of the date of the business combination to the Corporation's reporting units that are expected to benefit from the synergies of the business combination. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the assets may be impaired. Any goodwill impairment is presented as a charge against earnings in the year impairment is recognized. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compared with its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination, using the fair value of the reporting units as if it was the purchase price. When the carrying amount of a reporting unit of goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess and is presented as a separate line item in the consolidated statement of operations and retained earnings before earnings from continuing operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Deferred revenue due within one year

Current deferred revenue primarily consists of insurance premiums. These unearned premiums are taken into net earnings over the life of the policy.

q) Provision for unpaid insurance claims

The provision for unpaid insurance claims represents an estimate of the total cost of outstanding claims to the year-end date. Included in the estimate are reported claims, claims incurred but not reported and an estimate of adjustment expenses to be incurred on these claims. The provision is calculated without discounting except for long-term disability claims. The estimates are necessarily subject to uncertainty and are selected from a range of possible outcomes. During the life of the claim, adjustments to the estimates are made as additional information becomes available. The change in outstanding claims plus paid losses is reported as claims incurred in the current year.

r) Revenue recognition

Gas marketing

Revenue from natural gas marketing is recorded in the consolidated statement of operations and retained earnings upon completion of the delivery of natural gas to the customer. The Corporation acts as a principal in these natural gas marketing transactions, taking title to the natural gas purchased for resale, and assuming the risks and rewards of ownership. Changes in the fair value of outstanding marketing sales contracts are recorded as gains or losses in the year of change.

Natural gas delivery and commodity

Delivery and commodity revenue is recognized when natural gas is delivered to customers. The estimate of natural gas delivered, but not billed, is included in revenue.

Natural gas transportation and storage

Revenue is recognized when transportation, transportation related services, and storage are provided to customers and the ultimate collection is reasonably assured. An estimate of transportation, storage and related services rendered, but not billed, is included in revenue.

Electricity

Electricity revenue is recognized upon delivery to the customer and includes an estimate of electrical deliveries not yet billed at year-end. Physical electricity trading revenues are reported on a gross basis upon completion of delivery of electricity to customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Revenue recognition (continued)

Telecommunications

Telecommunications revenues are recognized in the year the services are provided when there is clear proof that an arrangement exists, amounts are determinable, and the ability to collect is reasonably assured. Revenues from local telecommunications, data, internet, entertainment and security services are recognized based on access to the Corporation's network and facilities at the rate plans in effect during the year the service is provided. Certain service connection charges and activation fees, along with corresponding direct costs, are deferred and recognized over the average expected term of the customer relationship.

Revenues from long distance and wireless airtime are recognized based on the usage or rate plans in the year service is provided. Revenues from equipment sales are recognized when the equipment is delivered to and accepted by the customer. Revenues for longer term contracts are recognized based on a percentage of completion. Payments received in advance are recorded as deferred revenue until the product or service is delivered.

Customer solutions may involve the delivery of multiple services and products that occur at different points and over different periods of time. The multiple services are separated into their respective accounting units and consideration is allocated among the accounting units. The relevant revenue recognition policies are applied to each accounting unit.

Revenues are earned through the sale of print and electronic telephone directory advertising, on-line advertising and advertising in agricultural publications. Advertising revenues are generally recognized, in accordance with the contractual terms with advertisers, on a monthly basis over the life of the print directory or electronic directory advertising commencing with the delivery or display date, respectively. Amounts billed in advance for directory advertising are deferred and recognized over the corresponding life of the directory.

Property registration

Land and personal property registry revenues are recognized when services are rendered.

Property and casualty insurance

Premiums written are taken into net earnings over the terms of the related policies which are no longer than twelve months. Unearned premiums represent the portion of the policy premiums relating to the unexpired term of each policy.

Gaming

Gaming revenue (table and slot revenues) represents the net win from gaming activities, which is the difference between the amounts wagered and the payouts by the casino. Gaming revenues are net of accruals for anticipated payouts of progressive jackpots.

Investment revenue

Interest earned on investments is recognized on an accrual basis except where uncertainty exists as to ultimate collection. In cases where collectability of interest is not reasonably assured, interest revenue is recorded when it is received and accrued interest receivable is offset by deferred interest revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Revenue recognition (continued)

Other

Revenue from sales of other products is recognized when goods are shipped and title has passed to the customer or based on the right to revenue pursuant to contracts with customers, tenants, and clients.

s) Foreign currency translation

Monetary assets and liabilities denominated in a foreign currency are translated using the rate of exchange in effect on the balance sheet date. Revenues, expenses, and non-monetary items resulting from transactions in foreign currencies are translated into Canadian dollars at rates in effect at the transaction date. Any resulting foreign currency translation gains and losses are included in the consolidated statement of operations and retained earnings in the current year.

t) Financial instruments

The Corporation classifies its financial instruments into one of the following categories: held-for-trading; held-to-maturity; loans and receivables; available-for-sale; and other liabilities.

All financial instruments are measured at fair value on initial recognition. Transaction costs are included in the initial carrying amount of financial instruments except for held-for-trading instruments in which case the transaction costs are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Held-for-trading

Financial assets and financial liabilities that are designated as held-for-trading or purchased and incurred with the intention of generating profits in the near term, and are part of a portfolio of financial instruments that are managed together where there is evidence of a recent actual pattern of short-term profit taking are classified as held-for-trading. The Corporation classifies cash and cash equivalents, restricted cash and cash equivalents, derivative financial assets and liabilities that do not qualify as a hedge and are not designated as a hedge, sinking funds, investments carried at fair value as disclosed in Note 3, and bank indebtedness as held-for-trading. Subsequent to initial recognition, held-for-trading financial instruments are measured at fair value with revaluation gains and losses included in net earnings in the year in which the gains and losses arise.

Available-for-sale

The Corporation classifies certain investments as available-for-sale as disclosed in Note 3.

In cases where financial assets are classified as available-for-sale and carried at fair value, revaluation gains and losses related to changes in fair value are recorded in other comprehensive income until the asset is disposed of, at which time those gains and losses are recognized in net earnings.

Investments that are classified as available-for-sale and do not have an active market value are recorded at cost. Available-for-sale investments carried at cost are written down to fair value through net earnings whenever it is necessary to reflect other than temporary impairment. Gains and losses realized on disposal of cost-based available-for-sale securities, as calculated on an average cost basis, are recognized in net earnings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t) Financial instruments (continued)

Held-to-maturity

Financial assets classified as held-to-maturity have fixed or determinable payments, a fixed maturity, and the Corporation has the positive intention and ability to hold to maturity. The Corporation classifies certain investments as held-to-maturity as disclosed in Note 3. These financial assets are accounted for at amortized cost using the effective interest rate method. Amortized premiums or discounts and other than temporary losses due to impairment are included in net earnings.

Loans and receivables

The Corporation classifies accounts receivable, and loans and notes receivable investments as disclosed in Note 3, as loans and receivables. These financial assets are accounted for at amortized cost using the effective interest rate method.

Other liabilities

The Corporation classifies accounts payable and accrued liabilities, notes payable, dividend payable to the General Revenue Fund and long-term debt as other liabilities. These financial liabilities are accounted for at amortized cost using the effective interest rate method.

Derivatives and hedge accounting

Derivative financial instruments purchased and sold, where the contract requires delivery within an established time frame, are recognized as financial assets or financial liabilities on a trade-date basis.

At the inception of a hedging relationship, the Corporation documents the relationship between the hedging instrument and the hedged item, its risk management objective and its strategy for undertaking the hedge. The Corporation also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the derivatives that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risk in the fair values or cash flows of the hedged items.

When derivatives are designated as hedges, the Corporation classifies the hedges as:

(i) hedges of the change in fair value of recognized assets or liabilities or firm commitments (fair value hedges);
(ii) hedges of the variability in highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge); or
(iii) hedges of net investments in a foreign operation (net investment hedges).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t) Financial instruments (continued)

Fair value hedges

Certain of the Corporation's fair value hedges principally consist of interest rate swaps that are used to protect against changes in the fair value of fixed-rate long-term financial instruments due to movements in market interest rates.

Changes in the fair value of derivatives that are designated as fair value hedging instruments are recorded in the consolidated statement of operations and retained earnings, along with changes in the fair value of the assets, liabilities or groups thereof that are attributable to the hedged risk. Any gains or losses in fair value relating to the ineffective portion of the hedging relationship are recognized immediately in the consolidated statement of operations and retained earnings.

If a hedging relationship no longer meets the criteria for hedge accounting, the cumulative adjustment to the carrying amount of the hedged item is amortized to the consolidated statement of operations and retained earnings based on a recalculated effective interest rate over the residual period to maturity, unless the hedged item has been derecognized in which case it is recognized in the consolidated statement of operations and retained earnings immediately.

Cash flow hedges

The Corporation is exposed to future interest expense cash flows on non-trading liabilities that bear interest at variable rates, and commodity price cash flows on inputs consumed in their operations. The amounts and timing of future cash flows, representing interest expense and input costs, are projected for each portfolio of financial liabilities on the basis of their contractual terms and other relevant factors, including estimates of prepayments.

The Corporation uses hedge accounting for interest rate swaps used to hedge long-term debt and foreign currency forward contracts used to hedge capital expenditures denominated in a foreign currency and sales and purchases denominated in a foreign currency. Interest rate swaps and foreign currency forward contracts are designated as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. Any gain or loss in fair value relating to the ineffective portion is recognized immediately in the consolidated statement of operations and retained earnings. Amounts accumulated in other comprehensive income are reclassified to the consolidated statement of operations and retained earnings in the year in which the hedged item is recognized.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income until the hedging instrument is recognized in the consolidated statement of operations and retained earnings.

Also, when an anticipated transaction is no longer probable, any cumulative gain or loss in other comprehensive income is recognized in the consolidated statement of operations and retained earnings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t) Financial instruments (continued)

Net investment hedges

Hedges of net investments in foreign operations are accounted for similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of operations and retained earnings. Gains and losses accumulated in other comprehensive income are included in the consolidated statement of operations and retained earnings upon the repatriation or disposal of the investments in the foreign operation.

Embedded derivatives

Derivatives may be embedded in other host instruments and are treated as separate derivatives when: their economic characteristics and risks are not clearly and closely related to those of the host instrument; when the embedded derivative has the same terms as those of a stand-alone derivative and; the combined contract is not held-for-trading or designated at fair value. Embedded derivatives are measured at fair value with subsequent changes recognized in the consolidated statement of operations and retained earnings.

At December 31, 2009, the Corporation does not have any financial instruments with embedded derivatives that are required to be separately valued.

u) Employee future benefits

The Corporation has three defined benefit pension plans, a defined contribution pension plan, and other plans that provide retirement benefits for its employees. For its defined benefit plans, the Corporation has adopted the following policies:

i) For the purpose of calculating the expected return on plan assets, those assets are valued at fair value, which approximates market value.
ii) Pension obligations are determined by independent actuaries using the projected benefit method prorated on service and management's best estimate assumptions of expected plan investment performance, salary escalation, age at retirement, mortality of members and future pension indexing, based upon the consumer price index.
iii) The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date of high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments.
iv) Past service costs from plan amendments and the transitional asset are amortized on a straight-line basis over a period of time which is a blending of the expected average remaining service life of the active members and the future life expectancy of the pensioners.
v) The excess of the net actuarial gain (loss) over 10.0 per cent of the greater of the accrued benefit obligation and the fair value of the plan assets is amortized over a period of time which is a blending of the expected average remaining service life of the active members and the future life expectancy of the pensioners, or the plan assets are amortized over the remaining life of retired members of the plan.
vi) When the restructuring of a benefit plan results in a settlement and a curtailment of obligations, the curtailment is accounted for prior to the settlement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u) Employee future benefits (continued)

The Corporation also provides defined benefit service recognition plans for employees. The cost of the plan is determined using the projected benefit method prorated on service. The Corporation has a retiring allowance plan. The cost of future retirement allowance benefits earned by employees under this plan is actuarially determined using the projected benefit method and management's best estimates.

v) Measurement uncertainty

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Significant items subject to estimates and assumptions include the carrying amounts of property, plant and equipment and underlying estimations of useful lives of depreciable assets, capitalization of interest, disposal of long-lived assets, asset retirement obligations, and labour and overhead; provision for unpaid claims; the carrying amounts of accounts receivable, inventory, investments, natural gas in storage, goodwill, and intangible assets; the accounting for variable interest entities, discontinued operations, fair value of financial instruments, and environmental remediation liabilities; and the carrying amounts of employee future benefits including underlying actuarial assumptions.

The financial statements are based on management's best estimates using information available. Volatility in financial markets has complicated the estimation process due to the current economic decline and significant fluctuations in foreign exchange rates, and commodity prices. Accordingly, the inherent uncertainty involved in making estimates and assumptions may impact the actual results reported in future periods by a material amount.

w) Future accounting policy changes

International Financial Reporting Standards (IFRS)

The Canadian Accounting Standards Board has confirmed that publicly accountable enterprises will be required to adopt IFRS in place of Canadian GAAP for interim and annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year. The Public Sector Accounting Board (PSAB) in September 2009, approved an amendment to the introduction to the Public Sector Accounting Handbook, which requires Government Business Enterprises (GBE's) to adopt IFRS and Other Government Organizations (OGO's) to adopt either IFRS or the public sector handbook, whichever is considered the most appropriate basis of accounting. The Corporation is publicly accountable and has therefore selected IFRS as its accounting platform.

The Corporation has commenced an IFRS conversion project including initiating the development of high level IFRS implementation plans for each subsidiary that include stakeholder identification, milestones and deadlines, planned scope and approach, risks and mitigations, project governance and accountability responsibilities, and resource requirements. An external advisor has been engaged to assist with the development of plans and to perform a detailed review of major differences between current GAAP and IFRS. Board members have been briefed on IFRS, in general, and the Corporation's project plan has been reviewed by the Board of Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w) Future accounting policy changes (continued)

Management and staff of the Corporation have participated in detailed IFRS training seminars. Project teams have completed an initial assessment of those international financial reporting standards with the highest potential for impacts.

Selection of accounting policies has been finalized and the Corporation is in the final stages of determining the impact of IFRS on processes, systems, internal controls over financial reporting and disclosures, and future financial position and results of operations. IFRS financial statement presentation formats are being finalized. Based on the analysis to date, potential significant areas are related to accounting for property, plant and equipment, employee future benefits, revenue recognition, impairment testing and financial statement disclosures.

3. INVESTMENTS

(thousands of dollars)	2009	2008
Short-Term Investments		
Held-for-trading	$ 452,019	$ 671,925
Sinking funds - Held-for-trading (a)	19,921	-
Available-for-sale	29,114	68,086
	$ 501,054	$ 740,011
Equity Investments		
ML OSB Limited Partnership (b)	$ 24,620	$ 27,700
MRM Cogeneration Station (c)	32,259	29,429
Other share investments - Equity basis	52,025	53,805
	108,904	110,934
Portfolio Investments		
Share investments - Held-for-trading	14,996	22,219
Share investments - Available-for-sale	214,346	157,255
Share investments - Available-for-sale - cost	25,071	44,199
	254,413	223,673
Bonds, Debentures, Loans and Notes Receivable		
Bonds and debentures - Held-to-maturity	2,159	2,645
Bonds and debentures - Held-for-trading	8,661	6,157
Bonds and debentures - Available-for-sale	382,946	296,874
Loans and notes receivable	41,253	39,214
	435,019	344,890
Leases Receivable	3,234	3,625
Sinking Funds - Held-for-trading (a)	354,232	323,836
Other - Held-for-trading	1,265	1,725
	$ 1,157,067	$ 1,008,683

3. INVESTMENTS (continued)

a) The changes in the carrying amount of sinking funds are as follows:

(thousands of dollars)	2009	2008
Sinking funds, beginning of year	$ 323,836	$ 337,400
Net installments (redemptions)	36,986	(28,821)
Earnings	16,781	17,746
Valuation adjustment	(3,450)	(2,489)
Sinking funds, end of year	374,153	323,836
Less current portion	(19,921)	-
	$ 354,232	$ 323,836

Sinking fund installments due in each of the next five years are as follows:

(thousands of dollars)	
2010	$ 36,345
2011	34,645
2012	34,645
2013	34,145
2014	32,673

b) The Corporation is a limited partner in Meadow Lake OSB Limited Partnership (ML OSB). ML OSB operates an oriented strand board facility near Meadow Lake, Saskatchewan. The Corporation holds a 25.0 per cent voting interest in ML OSB (2008 - 25.0 per cent).

The Corporation has issued 10,000,000 options to certain parties to purchase its units of ML OSB. These options expire on December 19, 2011.

c) The Corporation has a 30.0 per cent (2008 - 30.0 per cent) voting interest in the MRM Cogeneration Station. The 172 megawatt natural gas-fired cogeneration facility is located at the Athabasca Oil Sands Project's Muskeg River Mine, north of Fort McMurray, Alberta.

d) The Corporation holds one Class B share of Cameco Corporation (Cameco) which provides the Corporation with the ability to exercise special voting rights with respect to the location of Cameco's head office.

e) Included in investment revenue are earnings (losses) from equity investments as follows:

(thousands of dollars)	2009	2008
Saskferco (Note 20(a))	$ -	$ 69,404
MRM Cogeneration Station	6,351	6,536
ML OSB Limited Partnership	(3,080)	(5,397)
Other	(64)	(778)
	$ 3,207	$ 69,765

4. RESTRICTED CASH AND CASH EQUIVALENTS

The Corporation held the following cash and cash equivalents restricted for use:

(thousands of dollars)	2009 Current	2009 Non-Current	2008 Current	2008 Non-Current
Carbon capture and storage demonstration projects (a)	$ 67,132	$ 143,009	$ 28,500	$ 209,395
Meadow Lake Pulp Limited Partnership (b)	21,250	20,000	20,638	20,000
Saskferco Products Inc. (Saskferco)(c)	-	-	36,710	-
Centennial Foods Partnership (d)	313	-	-	2,337
	$ 88,695	$ 163,009	$ 85,848	$ 231,732

a) Amounts reflect unspent funding transferred to the Corporation in 2008 from the GRF restricted for carbon capture and storage demonstration projects.

b) Cash held by the receiver of Meadow Lake Pulp Limited Partnership which is subject to the order of the Court of Queen's Bench of Saskatchewan.

c) Cash held in escrow related to the sale of Saskferco in 2008.

d) Cash held in escrow related to the sale of Centennial Foods Partnership in 2007.

5. FINANCIAL RISK MANAGEMENT

The Corporation is exposed to fluctuations in commodity prices including natural gas, electricity, foreign exchange rates and interest rates. The Corporation utilizes a number of financial instruments to manage these exposures. The Corporation mitigates the risk associated with these financial instruments through Board-approved policies, limits on use and amount of exposure, internal monitoring, and compliance reporting to senior management and the Board.

Fair values are approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics, such as risk, principal and remaining maturities. Fair values are estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgement and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

3. INVESTMENTS (continued)

a) The changes in the carrying amount of sinking funds are as follows:

(thousands of dollars)		2009		2008
Sinking funds, beginning of year	$	323,836	$	337,400
Net installments (redemptions)		36,986		(28,821)
Earnings		16,781		17,746
Valuation adjustment		(3,450)		(2,489)
Sinking funds, end of year		374,153		323,836
Less current portion		(19,921)		-
	$	354,232	$	323,836

Sinking fund installments due in each of the next five years are as follows:

(thousands of dollars)	
2010	$ 36,345
2011	34,645
2012	34,645
2013	34,145
2014	32,673

b) The Corporation is a limited partner in Meadow Lake OSB Limited Partnership (ML OSB). ML OSB operates an oriented strand board facility near Meadow Lake, Saskatchewan. The Corporation holds a 25.0 per cent voting interest in ML OSB (2008 - 25.0 per cent).

The Corporation has issued 10,000,000 options to certain parties to purchase its units of ML OSB. These options expire on December 19, 2011.

c) The Corporation has a 30.0 per cent (2008 - 30.0 per cent) voting interest in the MRM Cogeneration Station. The 172 megawatt natural gas fired cogeneration facility is located at the Athabasca Oil Sands Project's Muskeg River Mine, north of Fort McMurray, Alberta.

d) The Corporation holds one Class B share of Cameco Corporation (Cameco) which provides the Corporation with the ability to exercise special voting rights with respect to the location of Cameco's head office.

e) Included in investment revenue are earnings (losses) from equity investments as follows:

(thousands of dollars)		2009		2008
Saskferco (Note 20(a))	$	-	$	(69,304)
MRM Cogeneration Station		6,351		(6,539)
ML OSB Limited Partnership		(3,080)		(1,497)
Other		(64)		(77)
	$	3,207	$	(77,417)

4. RESTRICTED CASH AND CASH EQUIVALENTS

The Corporation held the following cash and cash equivalents restricted for use:

(thousands of dollars)	2009 Current	2009 Non-Current	2008 Current	2008 Non-Current
Carbon capture and storage demonstration projects (a)	$ 67,132	$ 143,009	$ 28,500	$ 209,395
Meadow Lake Pulp Limited Partnership (b)	21,250	20,000	20,638	20,000
Saskferco Products Inc. (Saskferco)(c)	-	-	36,710	-
Centennial Foods Partnership (d)	313	-	-	2,337
	$ 88,695	$ 163,009	$ 85,848	$ 231,732

a) Amounts reflect unspent funding transferred to the Corporation in 2008 from the GRF restricted for carbon capture and storage demonstration projects.

b) Cash held by the receiver of Meadow Lake Pulp Limited Partnership which is subject to the order of the Court of Queen's Bench of Saskatchewan.

c) Cash held in escrow related to the sale of Saskferco in 2008.

d) Cash held in escrow related to the sale of Centennial Foods Partnership in 2007.

5. FINANCIAL RISK MANAGEMENT

The Corporation is exposed to fluctuations in commodity prices including natural gas, electricity, foreign exchange rates and interest rates. The Corporation utilizes a number of financial instruments to manage these exposures. The Corporation mitigates the risk associated with these financial instruments through Board-approved policies, limits on use and amount of exposure, internal monitoring, and compliance reporting to senior management and the Board.

Fair values are approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics, such as risk, principal and remaining maturities. Fair values are estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgement and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

5. FINANCIAL RISK MANAGEMENT (continued)

(thousands of dollars)		2009		2008	
Financial Instruments	Classification (i)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
Cash and cash equivalents	HFT	$ 351,862	$ 351,862	$ 878,033	$ 878,033
Accounts receivable	LAR	556,501	556,501	560,491	560,491
Derivative financial assets	HFT	51,827	51,827	47,396	47,396
Restricted cash and cash equivalents	HFT	251,704	251,704	317,580	317,580
Investments - amortized cost	HTM	2,159	2,245	2,645	2,791
Investments - sinking funds - fair value	HFT	374,153	374,153	323,836	323,836
Investments - fair value	HFT	476,941	476,941	702,026	702,026
Investments - cost	AFS	25,071	(ii)	44,199	(ii)
Investments - fair value	AFS	626,406	626,406	522,215	522,215
Investments - loans	LAR	41,253	(ii)	39,214	(ii)
Financial Liabilities					
Bank indebtedness	HFT	12,606	12,606	32,643	32,643
Accounts payable and accrued liabilities	OL	584,058	584,058	539,608	539,608
Derivative financial liabilities	HFT	66,664	66,664	100,971	100,971
Notes payable	OL	423,725	423,725	222,480	222,480
Dividend payable to the GRF	OL	-	-	150,000	150,000
Long-term debt	OL	3,788,635	4,448,851	3,811,169	4,503,974

(thousands of dollars)		2009		2008	
Derivative Instruments	Classification (i)	Asset	(Liability)	Asset	(Liability)
Physical natural gas contracts	HFT	$ 15,357	$ (8,391)	$ 24,095	$ (12,604)
Natural gas price swaps	HFT	36,470	(58,167)	18,929	(71,305)
Natural gas price options	HFT	-	-	3,903	(15,936)
Physical electricity forwards	HFT	-	-	388	(248)
Electricity contracts for differences	HFT	-	-	81	(321)
Interest rate swaps	HFT	-	(43)	-	(557)
Foreign exchange contracts	HFT	-	(63)	-	-
		$ 51,827	$ (66,664)	$ 47,396	$ (100,971)

(i) Classification details are:
HFT - held-for-trading AFS - available-for-sale
LAR - loans and receivables OL - other liabilities

(ii) The uncertainty and potentially broad range of fair values for Investments - cost (available-for-sale) and Investments - loans (loans and receivables), renders the disclosure of a fair value with appropriate reliability impractical.

5. FINANCIAL RISK MANAGEMENT (continued)

a) Fair value hierarchy

Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation.

Level 1 - Quoted prices are readily available from an active market.
Level 2 - Inputs, other than quoted prices included in level 1, that are observable either directly or indirectly.
Level 3 - Inputs are not based on observable market data.

The Corporations financial instruments are categorized within this hierarchy as follows:

(thousands of dollars)	2009			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 351,862	$ -	$ -	$ 351,862
Restricted cash and cash equivalents	251,704	-	-	251,704
Bank indebtedness	12,606	-	-	12,606
Notes payable	423,725	-	-	423,725
Investments carried at fair value	1,055,358	400,680	21,462	1,477,500
Long-term debt	-	4,448,851	-	4,448,851
Physical natural gas contracts - net	-	6,966	-	6,966
Natural gas price swaps - net	-	(21,697)	-	(21,697)
Interest rate swaps	-	(43)	-	(43)
Foreign exchange contracts	-	(63)	-	(63)

Long-term debt

The fair value of long-term debt is determined by the present value of future cash flows, discounted at the market rate of interest for the equivalent Province of Saskatchewan debt instruments.

Derivative financial assets and liabilities

The fair value of electricity related derivatives, interest rate swaps, foreign exchange contracts, physical natural gas contracts and natural gas price swaps is based on quoted market values. The fair value of natural gas price options is determined using the Garman-Kohlhagen model which requires the use of various assumptions, including quoted market values, interest rates and volatility estimates for forward natural gas prices obtained from external sources. Where contract prices are referenced to an index price that has not been fixed, the market price has been used to estimate the contract price.

Other financial assets and liabilities

Other financial assets and liabilities including: accounts receivable; accounts payable and accrued liabilities and; dividend payable to the GRF, have not been classified in the fair value hierarchy given that carrying value approximates fair value due to their immediate or short-term maturity.

5. FINANCIAL RISK MANAGEMENT (continued)

(thousands of dollars)		2009		2008	
Financial Instruments	Classification (i)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
Cash and cash equivalents	HFT	$ 351,862	$ 351,862	$ 878,033	$ 878,033
Accounts receivable	LAR	556,501	556,501	560,491	560,491
Derivative financial assets	HFT	51,827	51,827	47,396	47,396
Restricted cash and cash equivalents	HFT	251,704	251,704	317,580	317,580
Investments - amortized cost	HTM	2,159	2,245	2,845	2,791
Investments - sinking funds - fair value	HFT	374,153	374,153	323,836	323,836
Investments - fair value	HFT	476,941	476,941	702,028	702,028
Investments - cost	AFS	25,071	(ii)	44,199	(ii)
Investments - fair value	AFS	626,406	626,406	522,215	522,215
Investments - loans	LAR	41,253	(ii)	39,214	(ii)
Financial Liabilities					
Bank indebtedness	HFT	12,606	12,606	32,643	32,643
Accounts payable and accrued liabilities	OL	584,058	584,058	539,608	539,608
Derivative financial liabilities	HFT	66,664	66,664	100,971	100,971
Notes payable	OL	423,725	423,725	222,150	222,150
Dividend payable to the CRF	OL	-	-	150,000	150,000
Long-term debt	OL	3,788,635	4,448,851	4,011,103	4,001,873

(thousands of dollars)		2009		2008	
Derivative Instruments	Classification (i)	Asset	(Liability)	Asset	(Liability)
Physical natural gas contracts	HFT	$ 15,357	$ (8,391)	$ 21,047	$ (1,000)
Natural gas price swaps	HFT	36,470	(58,167)	18,758	(74,167)
Natural gas price options	HFT	-	-	(1,000)	(1,000)
Physical electricity swaps	HFT	-	-	586	(586)
Electricity contracts for differences	HFT	-	-	31	(31)
Interest rate swaps	HFT	-	(43)	-	(1,000)
Foreign exchange contracts	HFT	-	(63)	-	(1,000)
		$ 51,827	$ (66,664)	$ 47,396	$ (100,971)

Classification (i) is as:
HFT - held-for-trading; AFS - available-for-sale;
LAR - loans and receivables; OL - other liabilities.

(ii) The uncertainty and potential volatility preclude the Company from determining a fair value for its investments in Class A Units of Capital Power Income L.P. and investments - loans classified as available-for-sale. Accordingly, these investments are recorded at cost.

5. FINANCIAL RISK MANAGEMENT (continued)

a) Fair value hierarchy

Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation.

Level 1 – Quoted prices are readily available from an active market
Level 2 – Inputs, other than quoted prices included in level 1, that are observable either directly or indirectly
Level 3 – Inputs are not based on observable market data

The Corporations financial instruments are categorized within this hierarchy as follows:

(thousands of dollars)	2009			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 351,862	$ -	$ -	$ 351,862
Restricted cash and cash equivalents	251,704	-	-	251,704
Bank indebtedness	12,606	-	-	12,606
Notes payable	423,725	-	-	423,725
Investments carried at fair value	1,055,358	400,680	21,462	1,477,500
Long-term debt	-	4,448,851	-	4,448,851
Physical natural gas contracts, net	-	6,966	-	6,966
Natural gas price swaps, net	-	(21,697)	-	(21,697)
Interest rate swaps	-	(43)	-	(43)
Foreign exchange contracts	-	(63)	-	(63)

Long-term debt

The fair value of long-term debt is determined by the present value of future cash flows, discounted at the market rate of interest for the equivalent maturity of Bank of Nova Scotia instruments.

Derivative financial assets and liabilities

The fair value of electricity-related derivatives, interest rate swaps, foreign exchange contracts, physical natural gas contracts, and natural gas price swaps is based on quoted market values. The fair value of natural gas price options is determined using the Garman-Kohlhagen model, which requires the use of several assumptions, including quoted market values, interest rates and volatility estimates for forward natural gas prices obtained from external sources. Where contract prices are related to an index that has not been fixed, the original price has been used to estimate the contract value.

Other financial assets and liabilities

Other financial assets and liabilities, including current portions, are initially measured at fair value and subsequently measured at amortized cost. Due to their short-term nature, the carrying value approximates their fair value. Non-current other financial assets and liabilities are measured at their amortized cost using the effective interest rate method.

5. FINANCIAL RISK MANAGEMENT (continued)

b) Unrealized gains (losses) on financial instruments

Depending on the nature of the derivative instrument and market conditions, the change in fair value of derivative financial assets and derivative financial liabilities is recorded in net earnings as either sales of products and services or operating costs. The impact of unrealized gains (losses) on net earnings is as follows:

(thousands of dollars)		2009		2008
Sales of products and services	$	7,194	$	28,706
Operating costs		33,741		(84,064)
Increase (decrease) in net earnings	$	40,935	$	(55,358)

c) Commodity price risk management

Power generation

The Corporation is exposed to natural gas price risk through gas purchased for its gas-fired power plants and through certain power purchase agreements which have a cost component based on the market price of natural gas. As at December 31, 2009, the Corporation had entered into financial and physical natural gas contracts to price manage approximately 53.0 per cent of its forecasted natural gas purchases for 2010, 45.0 per cent for 2011 and 40.0 per cent for 2012.

Based on the Corporation's December 31, 2009 closing positions on its financial natural gas hedges a $1 dollar per gigajoule (GJ) increase in the price of natural gas would have resulted in a $29.4 million improvement in unrealized market value losses recognized in net earnings in the year. This sensitivity analysis does not represent the underlying exposure to changes in the price of natural gas on the remaining forecasted natural gas purchases which are unhedged as of December 31, 2009.

The Corporation is exposed to electricity price risk on its electricity trading activities. Electricity trading risks are managed through limits on the size and duration of transactions and open positions including Value at Risk (VaR) limits. VaR is the most commonly used metric employed to track and manage the market risk associated with trading positions. A VaR measure gives, for a specific confidence level, an estimated maximum loss that could be incurred over a specific period of time. VaR at December 31, 2009, associated with electricity trading activities was $Nil, as no electricity trading contracts were held for trading.

Natural gas sales

The Corporation may manage the risk associated with the purchase and sale price of natural gas. The purchase or sale price of natural gas may be fixed within the contract, or referenced to a floating index price. When the price is referenced to a floating index price, natural gas derivative instruments may be used to fix the settlement amount. The types of natural gas derivative instruments the Corporation may use for price risk management include natural gas price swaps, options, swaptions and futures contracts. Based on the Corporation's December 31, 2009 closing positions, an increase of $1 per GJ in natural gas prices would increase net earnings by $0.6 million, while a decrease of $1 per GJ would decrease net earnings by $0.6 million.

5. FINANCIAL RISK MANAGEMENT (continued)

d) Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

The Corporation is exposed to changes in equity prices in Canadian, U.S. and EAFE (Europe, Australia and Far East) markets. The fair value of these equities at December 31, 2009 was $142.5 million (2008 - $117.4 million).

The Corporation's equity price risk is assessed using VaR to measure the potential change in the value of an asset class. The VaR has been calculated based on volatility over a four-year period, using 95.0 per cent confidence level. As such, it is expected that the annual change in the portfolio market value will fall within the range outlined in the following table 95.0 per cent of the time (19 times out of 20 years):

(thousands of dollars)	2009		2008	
Asset Class				
Canadian pooled equity fund and Canadian common shares	+/-	$ 32,877	+/-	$ 23,915
U.S. pooled equity fund and U.S. common shares	+/-	7,542	+/-	7,029
Non-North American pooled equity fund	+/-	9,147	+/-	6,843

The Corporation has on deposit with the GRF, under the administration of the Ministry of Finance, $374.2 million (2008 - $323.8 million) in sinking funds required for certain long-term debt issues. At December 31, 2009 the GRF has invested these funds primarily in Provincial and Federal government bonds with varying maturities to coincide with related debt maturities and are managed based on this maturity profile and market conditions. As such, the related credit risk associated with these investments is considered low. The Corporation does not believe that the impact of fluctuations in market prices related to these investments will be material and, therefore, has not provided a sensitivity analysis of the impact on net earnings or other comprehensive income.

The Corporation may be exposed to interest rate risk on the maturity of its long-term debt. However, in the current low interest rate environment, these risks are considered low. As a result, the Corporation has no financial contracts in place, other than those listed, to offset interest rate risk as of December 31, 2009. The Corporation has not provided a sensitivity analysis of the impact of interest rate changes on net earnings as substantially all of the Corporation's debt is at fixed rates at December 31, 2009.

The Corporation is exposed to changes in interest rates in its fixed income investments, including short-term investments, bonds, debentures, and mortgage investments. It is estimated that a 100 basis point increase or decrease in interest rates would decrease or increase other comprehensive income and accumulated other comprehensive income by $19.7 million at December 31, 2009 (2008 - $15.2 million).

5. FINANCIAL RISK MANAGEMENT (continued)

e) Foreign currency risk

The Corporation is exposed to currency risk, primarily US dollars, through transactions with foreign suppliers and short-term foreign commitments. The Corporation uses a combination of derivative financial instruments to manage these exposures when deemed appropriate. The Corporation does not actively trade derivative financial instruments. The Corporation does not believe that the impact of fluctuations in foreign exchange rates on anticipated transactions will be material and therefore has not provided a sensitivity analysis of the impact on net earnings.

f) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk relates to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Corporation does not have material concentrations of credit risk. The credit risk relates to accounts receivable and unbilled revenue, money market investments, interest receivable, debentures, loans and other advances and counterparties to financial hedges and commodity transactions. Accounts receivable and unbilled revenue is diversified among many residential, farm and commercial customers primarily throughout Saskatchewan.

In addition, the Corporation maintains credit policies and limits in respect to short-term investments and counterparties to financial and commodity transactions. The carrying amount of financial assets represents the maximum credit exposure as follows:

(thousands of dollars)	2009	2008
Cash and cash equivalents	$ 351,862	$ 878,033
Short-term investments	501,054	740,011
Accounts receivable	556,501	560,491
Derivative financial assets	51,827	47,396
Restricted cash and cash equivalents	251,704	317,580
Investments - held-to-maturity	2,159	2,645
Investments - held-for-trading	379,154	353,937
Investments - available-for-sale	622,363	498,328
Investments - loans and receivables	41,253	39,214
Leases receivable	3,234	3,625
	$ 2,761,111	$ 3,441,260

The allowance for doubtful accounts, which provides an indication of potential impairment losses, is reviewed quarterly based on an analysis of the aging of accounts receivable and an estimate of outstanding amounts that are considered to be uncollectible. Historically, the Corporation has not written-off a significant portion of its accounts receivable balances.

5. FINANCIAL RISK MANAGEMENT (continued)

f) Credit risk (continued)

The allowance for doubtful accounts and the aging of accounts receivable are detailed as follows:

(thousands of dollars)	2009	2008
Allowance for Doubtful Accounts		
Opening Balance	$ 17,021	$ 13,594
Less: Accounts written-off and other	(23,897)	(19,654)
Recoveries	10,492	6,151
Provision for losses	9,187	16,930
Ending Balance	$ 12,803	$ 17,021
Accounts Receivable		
Current	$ 422,980	$ 451,581
30-59 Days	28,120	23,285
60-90 Days	95,526	68,771
Greater than 90 Days	22,678	33,875
Gross accounts receivable	569,304	577,512
Allowance for doubtful accounts	(12,803)	(17,021)
Net accounts receivable	$ 556,501	$ 560,491

g) Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due. The Corporation is a Provincial Crown corporation and as such has access to capital markets through the Saskatchewan Ministry of Finance. The Corporation, through its diversified holdings and capital allocation and dividend policies, can allocate resources to ensure that all financial commitments made are met.

Where necessary the Corporation can borrow funds from the GRF, adjust dividend rates, obtain or make grants, or be provided with or provide equity injections to solve any liquidity issues.

The following summarizes the contractual maturities of the Corporation's financial liabilities at December 31, 2009:

(thousands of dollars)		Contractual Cash Flows				
	Carrying Amount	Total	0-6 Months	7-12 Months	1-2 Years	3-5 Years	More than 5 Years
Long-term debt (i)	$ 3,788,635	$ 7,852,079	$ 78,599	$ 296,292	$ 251,219	$ 956,590	$ 6,269,379
Accounts payable and accrued liabilities	584,058	584,058	578,662	5,396	-	-	-
Derivative financial liabilities	66,664	197,388	140,721	56,667	-	-	-
Other liabilities (ii)	751,958	751,974	534,385	41,999	45,157	74,397	56,036
	$ 5,191,315	$ 9,385,499	$ 1,332,367	$ 400,354	$ 296,376	$ 1,030,987	$ 6,325,415

5. FINANCIAL RISK MANAGEMENT (continued)

g) Liquidity risk (continued)

The Corporation anticipates generating sufficient cash flows through operations or credit facilities to support these contractual cash flows.

The following summarizes the contractual maturities of the corporation's financial liabilities at December 31, 2008:

(thousands of dollars)		Contractual Cash Flows					
	Carrying Amount	Total	0-6 Months	7-12 Months	1-2 Years	3-5 Years	More than 5 Years
Long-term debt (i)	$ 3,811,169	$ 8,121,441	$ 97,184	$ 169,900	$ 443,432	$ 887,684	$ 6,523,241
Accounts payable and accrued liabilities	539,608	539,608	539,608				
Derivative financial liabilities	100,971	293,368	222,536	70,832			
Other liabilities (ii)	713,522	713,576	491,513	63,649	42,971	65,341	50,102
	$ 5,165,270	$ 9,667,993	$ 1,350,841	$ 304,381	$ 486,403	$ 953,025	$ 6,573,343

i) Contractual cash flows for long-term debt include principal and interest payments but exclude sinking fund installments.

ii) Other liabilities include bank indebtedness, notes payable, dividend payable to the GRF and provision for unpaid insurance claims.

6. INVENTORIES

(thousands of dollars)	2009	2008
Raw materials	$ 146,455	$ 146,612
Natural gas in storage held for resale	258,497	198,956
Finished goods	7,249	6,603
Work-in-progress	1,644	33,395
	$ 413,845	$ 385,566

For the year ended December 31, 2009, $694.9 million (2008 - $959.5 million) of natural gas in storage held for resale, $232.2 million (2008 - $300.1 million) of raw materials inventory and $277.5 million (2008 - $268.9 million) of other inventory were consumed. The Corporation incurred a $3.3 million (2008 - $4.6 million) write-down of other inventory to its net realizable value. There was no reversal of any prior period write-down during 2009 or 2008.

7. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

DirectWest Canada Inc.

During the year, the Corporation disposed of the directory operations of DirectWest Canada Inc. for consideration of $4.7 million in the form of cash of $0.5 million, a short-term promissory note of $0.5 million and preferred shares of $3.7 million, resulting in a net loss of $0.4 million.

As a result, the Corporation has reported the operations of DirectWest Canada Inc. as a discontinued operation for 2009 and 2008.

Big Sky Farms Inc. (Big Sky)

Certain assets identified within the operations of Big Sky have been classified as held for resale resulting in a loss of $0.3 million.

Heritage Gas Limited (Heritage Gas)

The Corporation sold its 50.1 per cent interest in Heritage Gas effective October 1, 2009 to AltaGas Utility Holdings (Nova Scotia) Inc. of Calgary, Alberta. The transaction, which closed on November 18, 2009, had proceeds of $73.3 million with a resulting gain on sale of $8.4 million.

As a result, the Corporation has reported the operations of Heritage Gas as a discontinued operation in 2009.

Assets held for disposal relating to discontinued operations are comprised of the following:

(thousands of dollars)	2009	2008
Cash	$ 400	$ 1,152
Accounts receivable	43	11,699
Prepaid expenses	-	4,372
Long-term assets classified as current	-	363
	443	17,586
Investments	-	13,736
Property, plant and equipment	-	53,063
Other assets	-	1,235
	-	68,034
	$ 443	$ 85,620

Obligations held for disposal relating to discontinued operations are comprised of the following:

(thousands of dollars)	2009	2008
Accounts payable and accrued liabilities	$ 262	$ 10,006
Long-term liabilities classified as current	-	3,007
	262	13,013
Long-term debt	-	2,009
	$ 262	$ 15,022

7. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (continued)

The impact of discontinued operations on consolidated earnings is comprised of the following:

(thousands of dollars)	2009	2008
Revenue	$ 15,306	$ 23,134
Expenses	(11,942)	(20,474)
	3,364	2,660
Gain (loss) on sale of discontinued operations	7,731	(1,115)
Gain from discontinued operations	$ 11,095	$ 1,545

8. PROPERTY, PLANT AND EQUIPMENT

(thousands of dollars)	Cost	2009 Accumulated Depreciation	Net Book Value	2008 Net Book Value Restated Note 2(c)
Machinery and equipment	$ 10,203,466	$ 5,234,744	$ 4,968,722	$ 4,713,142
Buildings and improvements	1,620,198	791,650	828,548	829,727
Assets under construction	514,786	-	514,786	364,907
Land, coal properties and rights	208,013	72,780	135,233	119,418
	$ 12,546,463	$ 6,099,174	$ 6,447,289	$ 6,027,194

9. INTANGIBLE ASSETS

(thousands of dollars)	Cost	2009 Accumulated Amortization	Net Book Value	2008 Net Book Value Restated Note 2(c)
Definite Life:				
Software	$ 372,666	$ 270,262	$ 102,404	$ 109,856
Customer accounts acquired	54,248	28,048	26,200	24,515
Other	6,862	2,918	3,944	4,390
Indefinite life (a)	65,981	-	65,981	65,981
	$ 499,757	$ 301,228	$ 198,529	$ 204,742

(a) Indefinite life intangible assets consist of advanced wireless service and personal communications service spectrum within the Province of Saskatchewan acquired in 2008.

10. OTHER ASSETS

(thousands of dollars)	2009	2008
Accrued pension asset (Note 25)	$ 117,607	$ 109,954
Natural gas in storage	34,040	35,021
Goodwill	18,394	23,030
Deferred supply agreements	10,878	15,441
Other assets	13,359	19,906
	$ 194,278	$ 203,352

11. NOTES PAYABLE

Notes payable are due to the GRF. These notes are due on demand and have an effective interest rate of 0.26 per cent (2008 - 1.35 per cent).

12. LONG-TERM DEBT

(thousands of dollars)	2009 Principal Outstanding	2009 Effective Interest Rate	2008 Principal Outstanding	2008 Effective Interest Rate
Years to Maturity				
A. General Revenue Fund				
1 - 5 years	$ 441,695	5.74	$ 382,488	6.86
6 - 10 years	259,119	4.44	271,618	4.58
11 - 15 years	787,789	9.66	785,689	9.88
16 - 20 years	336,700	7.31	178,800	8.74
21 - 25 years	660,000	6.06	820,000	6.00
26 - 30 years	1,098,684	4.93	648,684	5.14
31 plus years	75,000	5.19	525,000	4.72
Total due to GRF	3,658,987		3,612,279	
B. Other Long-Term Debt (due 2010 to 2026)	114,275	7.79	182,957	7.04
	3,773,262		3,795,236	
Unamortized debt premium	15,373		15,933	
	3,788,635		3,811,169	
Due within one year	(180,834)		(100,840)	
TOTAL LONG-TERM DEBT	$ 3,607,801		$ 3,710,329	

12. LONG-TERM DEBT (continued)

Principal repayments due in each of the next five years are as follows:

(thousands of dollars)	
2010	$ 180,834
2011	20,528
2012	57,533
2013	163,957
2014	68,949

There is a requirement attached to certain interest-bearing issues from the GRF to make annual payments into sinking funds in amounts representing 1.0 per cent to 3.0 per cent of the original issue. The cumulative annual payments plus interest earned are used for the retirement of debt issues, upon maturity, with the GRF.

13. OTHER LIABILITIES

(thousands of dollars)	2009	2008
Deferred funding from the GRF (Note 4(a))	$ 210,141	$ 237,895
Provision for unpaid insurance claims	175,581	168,199
Environmental remediation liabilities (a)	144,027	148,928
Asset retirement obligation (b)	91,254	61,305
Management supplemental pension plans	21,631	20,991
Deferred revenue	16,510	11,072
Non-controlling interest	9,683	19,144
Other liabilities	36,577	36,787
	$ 705,404	$ 704,321

a) Provision for environmental remediation liabilities

The following are included in the provision for environmental remediation liabilities:

i) The Corporation is committed to undertake necessary environmental clean-up activities on certain properties. Due to evolving environmental laws, enforcement and clean-up practices, it is not possible at this time to determine the full amount of these liabilities. The Corporation accrued $1.2 million in 2009 (2008 - $2.3 million) for a total of $26.8 million (2008 - $25.6 million), to carry out the clean-up activities and associated costs related to an indemnity provided by Prince Albert Pulp Company (PAPCO) and the Province of Saskatchewan for environmental remediation liabilities predating 1986 related to the Prince Albert pulp mill site owned by Domtar Inc. The Corporation is a successor Corporation to PAPCO.

ii) The Corporation accrued $2.5 million in 2009 (2008 - $45.9 million) for a total of $62.6 million (2008 - $60.1 million), to carry out the clean-up activities related to an indemnity provided by PAPCO and the Province of Saskatchewan for environmental remediation liabilities predating 1986 relating to the ERCO Chemical Plant.

iii) In 2009, the Corporation hired an external consultant to review environmental remediation liabilities on its power generation assets. As a result of this review, the Corporation reduced its estimate for environmental remediation liabilities for its power generation assets by $4.2 million.

13. OTHER LIABILITIES (continued)

b) Asset retirement obligation

The Corporation has estimated the future cost of decommissioning certain electric and natural gas facilities. For purposes of estimating the fair value of these obligations, it is assumed that these costs will be incurred between 2010 and 2022 for natural gas facilities and 2012 and 2045 for electric facilities. The undiscounted cash flows required to settle the obligations total $263.4 million (2008 - $186.0 million). Credit adjusted risk-free rates between 3.2 per cent and 6.4 per cent were used to calculate the discounted carrying value of the obligation. No funds have been set aside by the Corporation to settle this liability.

In 2009, the Corporation prepared a revised estimate of future asset retirement costs for its electric facilities. The change in estimate was applied prospectively effective December 31, 2009. This resulted in a $28.2 million increase in property, plant and equipment and other liabilities with no impact on depreciation and amortization expense in 2009. The increase in estimate was primarily the result of changes in timing of anticipated electric facility decommissioning activities and the accompanying increase in overall costs due to the impact of inflation, the removal of salvage credits from the decommissioning cost estimates, and the addition of estimated costs for the removal and disposal of equipment containing PCBs with amounts in excess of current environmental laws and regulations.

A reconciliation between the opening and closing asset retirement obligations balance is provided below:

(thousands of dollars)		2009		2008
Asset retirement obligation, beginning of year	$	61,305	$	42,150
Liabilities incurred		28,334		16,086
Liabilities removed		(1,553)		(9)
Accretion expense		3,168		3,078
Asset retirement obligation, end of year	$	91,254	$	61,305

14. EQUITY ADVANCES AND CAPITAL DISCLOSURES

The Corporation does not have share capital. However, the Corporation has received advances from the GRF to form its equity capitalization. The advances are an equity investment in the Corporation by the GRF. During 2009, the Corporation repaid $Nil (2008 - $130.0 million) in equity advances to the GRF.

Due to its ownership structure, the Corporation has no access to capital markets for internal equity. Equity advances in the Corporation are determined by the shareholder on an annual basis. Dividends to the GRF are determined through the Saskatchewan Provincial budget process on an annual basis.

The Corporation closely monitors its debt level utilizing the debt ratio as a primary indicator of financial health. The debt ratio measures the amount of debt in a corporation's capital structure. The Corporation uses this measure in assessing the extent of financial leverage and in turn, its financial flexibility.

Too high a ratio relative to target indicates an excessive debt burden that may impair the Corporation's ability to withstand downturns in revenues and still meet fixed payment obligations. The ratio is calculated as net debt divided by capitalization at the end of the year.

14. EQUITY ADVANCES AND CAPITAL DISCLOSURES (continued)

The Corporation reviews the debt ratio targets of all its subsidiary Crown corporations on an annual basis to ensure consistency with industry standards. This review includes subsidiary Crown corporations' plans for capital spending. The target debt ratios for subsidiary Crown corporations are approved by the Board of Directors. The Corporation uses targeted debt ratios to compile a weighted average debt to equity ratio for the Corporation. The target ratio for 2009 was 47.5 per cent (2008 - 53.0 per cent).

The Corporation raises most of its capital requirements through internal operating activities and long-term debt through the GRF. This type of borrowing allows the Corporation to take advantage of the Province of Saskatchewan's strong credit rating and receive financing at attractive interest rates.

The Corporation made no changes to its approach to capital management during the year.

The debt ratio is as follows:

(thousands of dollars)	2009	2008
Total debt (a)	$ 4,212,360	$ 4,033,649
Less: Sinking funds (Note 3(a))	(374,153)	(323,836)
Net debt	3,838,207	3,709,813
Equity (b)	4,228,502	4,635,380
Capitalization	$ 8,066,709	$ 8,345,193
Debt ratio	47.6%	44.4%

a) Total debt includes long-term debt, long-term debt due within one year and notes payable.

b) Equity includes equity advances, contributed surplus and retained earnings.

15. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

(thousands of dollars)	2009	2008
Foreign currency translation adjustments	$ (3,257)	$ (2,841)
Unrealized gains (losses) on available-for-sale financial assets	27,199	(11,179)
Unrealized losses on interest rate swaps	(874)	(1,450)
	$ 23,068	$ (15,470)

16. COMMITMENTS AND CONTINGENCIES

The following significant commitments and contingencies exist at December 31, 2009:

a) The Corporation has committed to provide $76.4 million (2008 - $78.8 million) in loans and equity for investment in Saskatchewan business.

b) The Corporation has a $5.0 million (2008 - $5.0 million) U.S. dollar guarantee related to certain obligations to its equity investment in Gas Sur S.A., established under provisions of the shareholders' agreement.

c) The Corporation has entered into power purchase agreements that provide approximately 469 MW of generating capacity. The Corporation recently negotiated two new power purchase agreements for the Red Lily Wind Power LP wind facility and the Spy Hill Power LP natural gas generating station. Both facilities are expected to become operational in 2011 with generating capacities of 25 MW and 86 MW, respectively. The total cost of all power purchase agreements is expected to be $7,502.5 million (2008 - $6,194.3 million) until 2036.

d) At 2009 prices, the Corporation has forward commitments of $1,288.9 million (2008 - $1,496.0 million) extending until 2024 for future minimum coal deliveries.

e) As at December 31, 2009, the Corporation has committed to spend $861.3 million (2008 - $964.0 million) on capital projects.

f) The Corporation has issued letters of credit in the amount of $57.0 million (2008 - $50.3 million).

g) The Corporation has entered into contracts to purchase natural gas expected to cost $223.2 million (2008 - $94.9 million) based on forward market prices until 2012.

h) The Corporation has guaranteed $12.2 million (2008 - $13.2 million) of energy savings to various customers. These guarantees are mitigated by third party guarantees to the Corporation.

i) As at December 31, 2009, the Corporation has committed to future electricity sales of $Nil (2008 - $15.2 million) and future electricity purchases of $Nil (2008 - $11.2 million).

j) Subject to certain conditions, the Corporation has agreed to make annual payments of $2.6 million to the Regina Exhibition Association until 2027 and $0.4 million to the Moose Jaw Exhibition Company Ltd. until 2028, as compensation for the loss of gaming income caused by the operation of Casino Regina and Casino Moose Jaw respectively.

k) The Corporation has outstanding service contract commitments of $99.6 million (2008 - $104.1 million) extending to 2014.

l) On March 26, 2004, the Corporation entered into an Indemnity and Reimbursement Agreement (the indemnity) with Extendicare Inc., and the Directors and certain Officers of Crown Life. The Corporation indemnified the Directors and certain Officers of Crown Life for 65.2 per cent of the costs, expenses, penalties, interest and reasonable legal fees arising out of any claim, suit or demand in respect of having declared and paid $29.2 million in dividends from Crown Life to HARO. The indemnity was limited to the dividend plus 10.0 per cent or $32.1 million and terminates on April 1, 2010. The amount of the indemnity is to a maximum of $5.0 million.

16. COMMITMENTS AND CONTINGENCIES (continued)

m) On August 9, 2004, a proceeding under *The Class Actions Act (Saskatchewan)* was brought against several Canadian wireless and cellular service providers, including the Corporation. The proceeding involves allegations by wireless customers of breach of contract, misrepresentation, negligence, collusion, unjust enrichment and breach of statutory obligations concerning system administration fees. The Plaintiffs seek unquantified damages from the defendant wireless communications service providers. Similar proceedings have been filed by, or on behalf of, Plaintiffs' counsel in other provincial jurisdictions. On September 17, 2007, the Saskatchewan court certified the Plaintiff's proceedings as a class action with respect to an allegation of unjust enrichment only. The Corporation, together will all other defendants in the proceedings as well as the Plaintiffs have filed motions with the Saskatchewan Court of Appeal seeking leave to appeal the decision of the court certifying the action as a class action. The Corporation's leave to appeal application is presently before the Court of Appeal and was to have been heard in October 2009. On July 24, 2009 a second proceeding under The Class Actions Act (Saskatchewan) was issued against several Canadian wireless and cellular service providers, including the Corporation. The Corporation believes this second claim involves substantially the same allegations as the 2004 claim. On December 7 and 8, 2009 the Court of Queen's Bench heard motions by the Defendants, including the Corporation, that the second action commenced by the plaintiffs in July 2009 should be permanently stayed (prevented from proceeding in any manner) as an abuse of the process of the Court, given the existence of the 2004 action. A decision by the Court of Queen's Bench on the Defendant's Abuse of Process motion was issued December 23, 2009. This second action has been conditionally stayed as an abuse of process without prejudice to the plaintiff, allowing them to pursue their claims in the future if circumstances change. The Corporation is currently waiting for written reasons for this ruling. The Plaintiff's motion to discontinue the 2004 action was withdrawn leaving the 2004 action as an active lawsuit before the Court. A further case management conference is scheduled with the Court to determine next steps and scheduling for the outstanding litigation. The Corporation continues to believe that it has strong defenses to the allegations and that legal errors were made by the court in the certification proceeding of the 2004 claim and that it has strong defenses to the allegations contained in the most recent 2009 claim. The leave to appeal application in the 2004 action was heard by the Saskatchewan Court of Appeal on February 24, 2010 with the decision to be given at a later date.

n) On March 20, 2007, R.L.T.V. Investments Inc. brought a lawsuit against the Corporation and several current and former officers and employees of the Corporation. The lawsuit includes allegations that the Corporation wrongfully obtained its Multipoint Communications System (MCS) license in Saskatchewan and is legally responsible for the failure of Image Wireless Communications Inc. as a consequence of the alleged breach of contract, intentional interference with trade or business, deceit, misrepresentation and breach of the *Competition Act*. The Plaintiff claims damages in excess of $87.0 million. The Corporation believes that it has strong defenses to the allegations and a motion to strike all claims against the defendants was heard on September 25, 2007. The court struck the lawsuit in its entirety and the Plaintiff's appeal of the decision to the Saskatchewan Court of Appeal was heard on November 20, 2008. The Saskatchewan Court of Appeal released its unanimous decision on July 23, 2009 and agreed with the Court of Queen's Bench that the lawsuit should be dismissed in its entirety. The Plaintiffs are now seeking leave of the Supreme Court of Canada to appeal that decision. The Corporation awaits a decision from the Supreme Court of Canada regarding this application.

16. COMMITMENTS AND CONTINGENCIES (continued)

o) On June 26, 2008, a proceeding under *The Class Actions Act (Saskatchewan)* was brought against several Canadian wireline, wireless, and cellular service providers, including the Corporation. The proceeding involves allegations by wireline and wireless customers of breach of contract, misrepresentation, negligence, collusion, unjust enrichment and breach of statutory obligations concerning fees and charges paid for 9-1-1 service. The Plaintiffs seek unquantified damages from the defendant communications service providers. Thus far the claim has simply been issued by the Plaintiffs. The Corporation is not aware whether all the named defendant carriers have been served with the claim yet. The Corporation believes that it has strong defenses to the allegations that are made by the Plaintiffs in the claim and will be strongly defending and opposing the claims that have been made. External legal counsel has been retained to handle this matter. No further steps have been taken in this action to date.

p) The Corporation has a commitment to make contributions to the Power Corporation Superannuation Plan (the Plan) as a result of a binding court settlement from a legal action that was commenced in 1996 by an individual, in a representative capacity, on behalf of members of the Plan. The settlement required the Corporation to pay $81.3 million into the Plan in equal installments over three years. The first payment of $27.1 million was completed on December 15, 2009. The second payment is due July 1, 2010 and the final payment is due July 1, 2011.

q) Including the above, the Corporation has various legal matters pending which, in the opinion of management, will not have a material effect on the Corporation's consolidated financial position or results of operations. Should the ultimate resolution of actions differ from management's assessments and assumptions, a material adjustment to the Corporation's financial position or results of operations could result.

17. INTEREST EXPENSE

(thousands of dollars)	2009	2008
Interest on long-term debt	$ 249,930	$ 247,375
Foreign exchange losses (gains)	1,576	(243)
Amortization of deferred financing costs	460	239
	251,966	247,571
Less:		
Interest capitalized	(15,846)	(6,926)
Long-term debt interest expense	236,120	240,645
Short-term debt interest expense	2,329	4,245
	$ 238,449	$ 244,890

Interest paid during the year, on a cash basis, was $248.3 million (2008 - $262.0 million).

18. DEPRECIATION AND AMORTIZATION

(thousands of dollars)	2009	2008
Depreciation expense	$ 467,681	$ 463,531
Amortization of intangible assets	54,271	41,444
Accretion expense (Note 13(b))	3,168	3,078
Amortization of customer contributions	(18,239)	(16,002)
	$ 506,881	$ 492,051

19. SASKATCHEWAN TAXES AND FEES

(thousands of dollars)	2009	2008
Grants in lieu of taxes to municipalities	$ 51,252	$ 49,249
Saskatchewan capital tax	42,789	40,017
Gaming fees	25,384	19,152
Insurance premium tax	15,317	14,280
Other	2,762	5,879
	$ 137,504	$ 128,577

20. NON-RECURRING ITEMS

Non-recurring items include the following:

(thousands of dollars)	2009	2008
Gain (loss) on:		
Saskferco (a)	$ -	$ 679,776
Big Sky (b)	(17,939)	-
Telecommunications assets (c)	(9,002)	-
Intangible assets (d)	3,087	-
	$ (23,854)	$ 679,776

a) On October 1, 2008, the Corporation sold its 49.5 per cent interest in Saskferco for net proceeds of $816.9 million resulting in a gain of $679.8 million.

20. NON-RECURRING ITEMS (continued)

b) On November 10, 2009, Big Sky, a 63.0 per cent owned subsidiary of the Corporation, was granted creditor protection under *The Companies' Creditors Arrangement Act* (CCAA) in Canada. As of the date of the filings under CCAA, the Corporation concluded that its control over Big Sky was lost and the Corporation had no ability to exert significant influence. Accordingly, the Corporation's investment in Big Sky will no longer be consolidated beginning November 10, 2009 and has been accounted for as a cost basis investment. As a result, the Corporation's consolidated financial statements include Big Sky's results of operations and cash flows to November 10, 2009 and no longer include the assets, liabilities and equity of Big Sky at December 31, 2009.

Prior to de-consolidation on November 10, 2009, the Corporation recognized an impairment related to Big Sky's long lived assets based on continued low commodity prices, a strong Canadian dollar, high feed prices, and the Corporation's assessment of the future ongoing success of its hog operations. The net effect of this impairment is $17.9 million.

Based on the filing under CCAA, the Corporation determined that the carrying value of the Corporation's subordinated debt investment in Big Sky was $Nil. In addition, as at December 31, 2009 the carrying value of the cost basis investment in Big Sky is $Nil.

c) During the fourth quarter of 2008, the Corporation approved a plan for the divesture of specific underperforming out of province telecommunications assets.

On December 8, 2009, out of province net assets were sold for consideration of $1.3 million resulting in a loss on disposal of $9.0 million.

d) On June 29, 2009 the Corporation, through its subsidiary SecurTek Monitoring Solutions Inc. (SecurTek), exchanged regional customer accounts with an unrelated corporation. Consideration included selected regional accounts of each purchaser, valued based on industry standard valuation techniques and cash consideration of $1.3 million paid by SecurTek, resulting in a gain of $3.1 million.

21. CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands of dollars)	2009	2008
Adjustments to reconcile net earnings to cash provided by operating activities:		
Depreciation and amortization	$ 506,881	$ 492,051
Sinking fund earnings (Note 3(a))	(16,781)	(17,748)
Earnings from equity investments (Note 3(e))	(3,207)	(69,765)
Loss from discontinued operations (Note 7)	(11,095)	(1,545)
Non-recurring items (Note 20)	23,854	(679,776)
Employer funding contributions (Note 25)	(35,774)	(30,106)
Provision for environmental remediation liabilities (Note 13(a))	(464)	48,217
Unrealized (gains) losses on financial instruments (Note 5(b))	(40,935)	55,358
Other non-cash items	36,983	68,455
	$ 459,462	$ (134,857)

22. LEASES

Future minimum lease payments for operating leases entered into by the Corporation, as lessee, are as follows:

(thousands of dollars)		
2010	$	18,862
2011		16,199
2012		12,913
2013		12,734
2014		11,558
Thereafter		3,946
	$	76,212

23. RELATED PARTY TRANSACTIONS

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year end are as follows:

(millions of dollars)	2009	2008
Accounts receivable	$ 10.1	$ 11.2
Accounts payable and accrued liabilities	47.4	31.9
Deferred revenue	9.8	10.2
Sales of products and services	182.2	195.4
Operating costs	172.1	215.9

During 2009, the Corporation received $Nil (2008 - $240.0 million) in grants from the GRF. At December 31, 2009 the Corporation held $7.8 million (2008 - $6.7 million) in Government of Saskatchewan bonds. In addition, the Corporation pays Saskatchewan Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these consolidated financial statements and the notes thereto.

24. JOINT VENTURES

The Corporation has joint control over the operating, investing and financing policies of Cory Cogeneration Fund Corporation, Cory Cogeneration Joint Venture, Foragen Technologies Limited Partnership, Heritage Gas Limited, Apex Investment Limited Partnership, Kisbey Gas Gathering and Processing Facility, and Saskatchewan Entrepreneurial Fund Joint Venture. The Corporation's pro-rata share of its interest in these joint ventures is as follows:

(thousands of dollars)	2009	2008
Current assets	$ 8,147	$ 8,564
Long-term assets	137,115	199,972
Current liabilities	9,648	10,063
Long-term liabilities	75,201	79,008
Revenue	22,651	42,861
Expenses	21,562	30,098
Net earnings	1,089	12,763
Cash provided by operating activities	14,542	9,330
Cash used in investing activities	(8,363)	(18,010)
Cash used in financing activities	(10,407)	(1,779)

25. EMPLOYEE FUTURE BENEFITS

The Corporation has three defined benefit pension plans for certain of its employees that have been closed to new membership. Separate audited financial statements for each plan are prepared and released publicly. Current service costs of this plan are charged to earnings on the basis of actuarial valuations.

The actuarial valuations include a provision for uncommitted and ad hoc benefit increases, and are measured using management's best estimates based on assumptions that reflect the most probable set of economic circumstances and planned courses of action. The estimate, therefore, involves risks that the actual amount may differ materially from the estimate. The excess of the net actuarial gain (loss) over 10.0 per cent of the greater of the accrued benefit obligation and the fair value of the SaskPower and SGI plan assets are amortized over a period of time which is a blending of the expected average remaining service lifetime of the active members and the future life expectancy of the pensioners. For the SaskPower plan, the service life period was calculated at 1.9 years, while for the SGI plan, it was calculated at 3.0 years. For the SaskTel defined benefit plan, the excess of the net actuarial gain (loss) over 10.0 per cent of the greater of the accrued benefit obligation and the fair value of the SaskTel plan is amortized over the average remaining life of retired members of the SaskTel plan. At SaskTel, the remaining life of retired members was calculated as a weighted average of 22.0 years. SaskPower's last valuation was at September 30, 2009. The results from the latest valuations for SaskTel and SGI are projected to December 31, 2009.

25. EMPLOYEE FUTURE BENEFITS (continued)

The major assumptions used in the valuations are as follows:

	2009		
	SaskTel	SGI	SaskPower
Economic assumptions			
Discount rate - end of year	6.00%	5.30%	6.00%
Expected return on plan assets	6.75%	6.25%	6.75%
Inflation rate	2.50%	2.50%	2.50%
Expected salary increase	3.00%	2.50%	3.50%
Post-retirement index	100% of CPI	0% of CPI	70.0% of CPI
Last actuarial valuation	12/31/07	12/31/07	09/30/09

	2008		
	SaskTel	SGI	SaskPower
Economic assumptions			
Discount rate - end of year	7.50%	7.50%	6.25%
Expected return on plan assets	6.75%	6.25%	6.75%
Inflation rate	2.50%	2.50%	2.50%
Expected salary increase	3.00%	3.50%	3.50%
Post-retirement index	100% of CPI	50% of CPI	70% of CPI
Last actuarial valuation	12/31/07	12/31/07	09/30/08

Information about the Corporation's defined benefit plans is as follows:

(thousand of dollars)	2009		
	SaskTel	SGI	SaskPower
Accrued benefit obligation			
Accrued benefit obligation, beginning of year	$ 826,770	$ 11,739	$ 804,639
Current service cost	1,789	42	7,536
Curtailment gain	(239)	-	-
Interest cost	59,669	848	49,279
Benefits paid	(65,427)	(997)	(45,981)
Impact of change in actuarial assumptions	-	(1,142)	-
Impact of change in discount rate	154,192	1,801	20,474
Experience and other	-	31	3,499
Accrued benefit obligation, end of year	$ 976,754	$ 12,322	$ 839,446

(thousand of dollars)	2008		
	SaskTel	SGI	SaskPower
Accrued benefit obligation			
Accrued benefit obligation, beginning of year	$ 1,015,444	$ 12,801	$ 826,941
Current service cost	3,413	79	8,516
Curtailment gain	(18,010)	-	-
Interest cost	54,348	728	48,725
Benefits paid	(63,273)	(1,004)	(44,146)
Impact of change in actuarial assumptions	7,389	-	-
Impact of change in discount rate	(184,125)	(1,880)	(41,982)
Experience and other	-	1,015	8,583
Special termination benefit	11,584	-	-
Accrued benefit obligation, end of year	$ 826,770	$ 11,739	$ 804,639

25. EMPLOYEE FUTURE BENEFITS (continued)

(thousand of dollars)	2009 SaskTel	2009 SGI	2009 SaskPower
Plan assets			
Fair value of plan assets, beginning of year	$ 844,548	$ 11,740	$ 698,415
Actual return on plan assets	108,405	1,270	23,314
Employee funding contributions	528	16	1,451
Employer funding contributions	8,252	32	411
Benefits paid	(65,427)	(997)	(45,981)
Other	-	28	-
Fair value of plan assets, end of year	$ 896,306	$ 12,089	$ 677,610
Funded status - plan deficit	$ (80,448)	$ (233)	$ (161,836)
Unamortized transitional asset	-	(1)	-
Unamortized past service cost	-	-	2,783
Unamortized net actuarial losses	188,593	1,698	139,972
Corporate contributions	-	-	27,079
Accrued pension asset	$ 108,145	$ 1,464	$ 7,998

(thousand of dollars)	2008 SaskTel	2008 SGI	2008 SaskPower
Plan assets			
Fair value of plan assets, beginning of year	$ 1,044,655	$ 13,282	$ 835,906
Actual return on plan assets	(167,182)	(1,437)	(95,366)
Employee funding contributions	749	21	1,560
Employer funding contributions	29,599	44	463
Benefits paid	(63,273)	(1,004)	(44,146)
Other	-	834	-
Fair value of plan assets, end of year	$ 844,548	$ 11,740	$ 698,415
Funded status - plan surplus (deficit)	$ 17,778	$ 1	$ (106,224)
Unamortized transitional asset	(3,844)	(202)	-
Unamortized past service cost	1,056	-	15,439
Unamortized net actuarial losses	76,528	1,576	107,847
Accrued pension asset	$ 91,518	$ 1,375	$ 17,061

On a combined basis, the accrued pension asset is $117.6 million (2008 - $110.0 million) (Note 10).

25. EMPLOYEE FUTURE BENEFITS (continued)

The defined benefit plan pension expense (income) is as follows:

(thousand of dollars)	2009 SaskTel	SGI	SaskPower
Current service cost - defined benefit plan	$ 1,261	$ 25	$ 5,674
Interest cost	59,670	828	49,279
Expected return on pension plan assets	(66,551)	(690)	(45,654)
Amortization of net transitional asset	(3,845)	(197)	-
Amortization of past service costs	1,057	-	12,655
Amortization of actuarial (gains) losses	-	(22)	14,188
Other	-	-	-
Defined benefit plan pension (income) expense	$ (8,408)	$ (56)	$ 36,142

(thousand of dollars)	2008 SaskTel	SGI	SaskPower
Current service cost - defined benefit plan	$ 2,663	$ 56	$ 6,495
Interest cost	54,350	729	46,725
Expected return on pension plan assets	(63,367)	(856)	(55,002)
Special termination benefits cost	11,584	-	-
Amortization of net transitional asset	(11,651)	(201)	-
Amortization of past service costs	3,538	-	12,729
Amortization of actuarial losses (gains)	1,726	(68)	-
Other	-	(316)	-
Defined benefit plan pension (income) expense	$ (1,157)	$ (656)	$ 10,947

The asset allocation of the defined benefit pension plans is as follows:

	2009 SaskTel	SGI	SaskPower
Asset category			
Short-term investments	6.9%	3.0%	0.6%
Bond and debentures	26.0%	54.0%	34.2%
Equity securities - Canadian	26.9%	18.0%	20.2%
Equity securities - US	15.3%	14.0%	10.3%
Equity securities - Non-North American	15.9%	11.0%	26.6%
Real estate	9.0%	-%	8.1%

	2008 SaskTel	SGI	SaskPower
Asset category			
Short-term investments	4.6%	5.0%	0.7%
Bond and debentures	32.6%	54.0%	39.0%
Equity securities - Canadian	23.4%	15.0%	24.7%
Equity securities - US	13.4%	15.0%	10.6%
Equity securities - Non-North American	16.0%	11.0%	25.0%
Real estate	10.0%	-%	-%

25. EMPLOYEE FUTURE BENEFITS (continued)

Other benefit plans

Other benefit plans include a defined benefit and a defined contribution severance plan, a supplementary superannuation plan, two defined benefit service recognition plans, a defined benefit retiring allowance plan and a voluntary early retirement plan:

(thousand of dollars)	2009			
	SaskTel	SGI	SaskPower	SaskEnergy
Accrued benefit liability	$ 15,271	$ 3,645	$ 46,214	$ 13,973
Net expense	1,199	996	11,590	-

(thousand of dollars)	2008			
	SaskTel	SGI	SaskPower	SaskEnergy
Accrued benefit liability	$ 16,320	$ 3,080	$ 43,562	$ 13,938
Net expense (income)	343	1,063	10,300	(189)

The significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligations at September 30 for SaskPower and December 31 for SaskTel, SaskEnergy and SGI are:

	2009			
	SaskTel	SGI	SaskPower	SaskEnergy
Discount rate	5.4%	5.4%	4.0%	5.2%
Long-term rate of compensation increases	3.0%	3.5%	3.5%	3.0%
Remaining service life (years)	14.0	10.0	9.0	8.0

	2008			
	SaskTel	SGI	SaskPower	SaskEnergy
Discount rate	7.4%	7.4%	6.3%	7.1%
Long-term rate of compensation increases	3.0%	3.5%	3.5%	4.0%
Remaining service life (years)	14.0	12.0	9.1	8.0

Defined Contribution Pension Plans

The Corporation also has employees who are members of defined contribution pension plans. The Corporation's financial obligation is limited to contractual contributions to the plan. During the year, the Corporation paid $41.4 million (2008 - $36.9 million) into these plans.

26. RATE REGULATION

The fact that the Corporation is subject to rate regulation does not result in the Corporation selecting accounting policies that would materially differ from generally accepted accounting principles.

Telecommunications

The Corporation's telecommunications and broadcast services are regulated by the Canadian Radio - television and Telecommunications Commission (CRTC). However, the CRTC only regulates rates for specific telecommunications services and only in locations where the CRTC believes that the level of competition in that service is not high enough that market forces can be relied on to protect the interests of customers. For these "non-forborne" services, the rate which the Corporation may charge must receive CRTC approval prior to being implemented and may not be set below the long-run incremental costs of the service, calculated according to CRTC costing rules. The CRTC also regulates rates for all services that are designed for use by competitors. The CRTC requires rates for many of these services to be based on long-run incremental costs plus approved mark-ups.

In addition, the CRTC has implemented a price cap framework which: limits the Corporation's flexibility in the pricing of some rate regulated retail services; subjects certain competitor service rates to potential annual decreases; and prohibits the Corporation from altering basic residential access rates in areas deemed to be Low Cost Serving Areas. The CRTC has established a subsidy mechanism aimed at keeping basic residential access affordable in areas deemed by the CRTC to be High Cost Serving Areas (HCSAs). In these areas the Corporation receives a subsidy from the National Contribution Fund equal to the difference between long-run incremental costs in these areas and the rates charged to subscribers. Therefore the revenue received by the Corporation in these areas is effectively the rate charged to subscribers plus the subsidy per line. The cost component of the subsidy calculation amount is adjusted annually based on assumed productivity gains less inflation. The rate component is also adjusted annually as the CRTC has given the Corporation the ability to make annual rate increases equal to the rate of inflation in HCSAs, however, even if the Corporation does not raise rates in these areas, the increase is assumed to have been applied and the subsidy per line is decreased.

In September 2009, the CRTC issued *"Notice of Consultation 2009-575 Call for comments - Identification, scope and prioritization of issues regarding obligation to serve, basic service objective, and local service subsidy regime"*. The results of this consultation could significantly impact future subsidy mechanisms. As a result of responses to the Call for comments, the CRTC has issued *"Telecom Notice of Consultation CRTC 2010-43"* advising of proceedings to review access to basic telecommunications services and other matters.

Approximately $196.0 million (2008 - $204.8 million) of the Corporation's operating revenues are currently subject to CRTC rate regulation.

Property and casualty insurance

Regulation of automobile insurance premium rates is based on claims and other costs of providing insurance coverage, as well as projected profit margins. The Corporation's automobile premiums are subject to rate regulation in Alberta, Ontario, Prince Edward Island, New Brunswick and Nova Scotia, which represent approximately $41.5 million (2008 - $32.9 million) of the Corporation's consolidated revenue.

Gas marketing and natural gas commodity

The Corporation's operations in certain jurisdictions are subject to rate regulation by the National Energy Board, Manitoba Public Utilities Board and the Nova Scotia Utility and Review Board, which represents approximately $2.7 million (2008 - $18.9 million) of the Corporation's consolidated revenue.

27. SUBSEQUENT EVENT

On February 11, 2010, the Saskatchewan Court of Queen's Bench approved a plan of arrangement for Big Sky. This plan will result in a significant restructuring of the capital structure of Big Sky, which includes the Corporation's equity and subordinated debt investments being converted into an equity interest.

28. COMPARATIVE FIGURES

Certain of the 2008 comparative figures have been reclassified to conform to current year's presentation.

CIC NON-CONSOLIDATED

Analysis of Financial results	127
Comparison of 2009 Results with 2008 Results	127
Public Policy Initiatives	130
Comparison of 2009 Results with Budget	131
Key Factors Affecting Financial Performance	132
Looking Ahead to 2010	132
Non-Consolidated Financial Statements	133

CIC
Crown Investments Corporation of Saskatchewan

ANNUAL REPORT
2009

CIC NON-CONSOLIDATED

❖ ANALYSIS OF FINANCIAL RESULTS

CIC's non-consolidated financial statements are used to determine CIC's capacity to pay dividends to the Province's GRF. These non-consolidated financial statements isolate the Corporation's cash-flow, and capital and operating support for certain subsidiary Crown corporations. Inclusion of these financial statements in the Annual Report of CIC enhances accountability and the transparency of CIC's operations.

This narrative on CIC's non-consolidated 2009 financial results should be read in conjunction with the audited non-consolidated financial statements. For the purposes of this narrative on CIC's non-consolidated financial results, "CIC" refers to the holding company.

❖ COMPARISON OF 2009 RESULTS WITH 2008 RESULTS

Earnings

The following table presents a five year comparison of CIC's financial results:

(millions of dollars)	2009	2008	2007	2006	2005
Dividend revenue from Crown corporations	$ 258.1	$ 773.4	$ 221.1	$ 237.7	$ 194.9
Add: Revenue from investments	12.7	26.4	399.9	112.1	109.5
Grant funding from GRF	27.8	2.1	-	-	-
Less: Operating and other expenses	(18.6)	(22.1)	(15.2)	(13.3)	(12.0)
Grants to subsidiaries	(103.3)	(30.5)	(28.9)	(14.2)	(44.3)
Total Non-Consolidated Earnings	$ 176.7	$ 749.3	$ 576.9	$ 322.3	$ 248.1

Revenue from investments includes NewGrade from 2004 to the date of sale in 2007.

Earnings for 2009 were $176.7 million (2008 - $749.2 million), a decrease of $572.5 million from 2008. Decrease in net earnings is primarily a result of decreased dividend revenue of $515.3 million, a decrease in revenue from investments of $13.6 million, and an increase in grants to subsidiary corporations of $72.8 million. Offsetting these amounts were an increase in grant funding from the GRF of $25.7 million and a decrease in operating expenses of $3.5 million.

Dividend Revenue

CIC's revenue is comprised of dividends from subsidiary Crown corporations and revenue from investments. Dividends from subsidiary Crown corporations are the primary determinant in CIC's ability to pay regular dividends to the GRF.

CIC's dividend revenue depends mainly on commodity prices and weather. Commodity prices influence the earnings of investments owned by CIC AMI (formerly Investment Saskatchewan Inc.). Revenues are influenced by weather as follows:

- Demand for electricity and natural gas increases during cold weather, impacting earnings at SaskPower and SaskEnergy.
- Accident and other insurance claims at SGI are impacted by winter driving conditions and the summer storm season.
- Water run-off levels impact SaskPower's capacity to generate hydro electricity at a much lower cost compared to fuel and coal generation.

Dividend Revenue (continued)

Occasionally, CIC receives dividends when a subsidiary corporation disposes of an investment for a gain, as was the case in 2008 when CIC AMI sold Saskferco Products Inc. for a gain of $679.8 million.

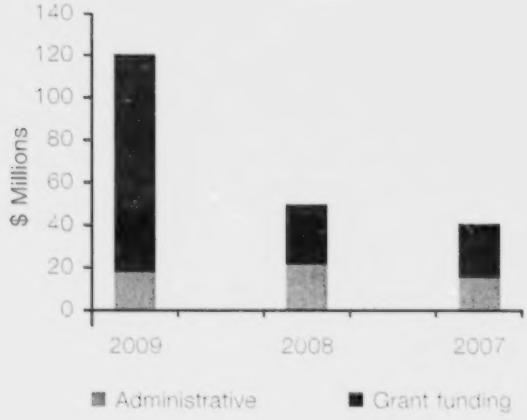
Dividend revenue in 2009 decreased $515.3 million to $258.1 million. The following chart shows a five year history on revenue by contribution source:

(millions of dollars)	2009	2008	2007	2006	2005
Dividend revenue					
SaskPower	$ -	$ 46.0	$ 97.0	$ 60.2	$ 84.8
SaskTel	103.2	78.9	30.0	50.0	57.9
SaskEnergy	51.3	42.9	53.0	34.5	29.3
SGI	34.0	26.2	22.8	33.9	22.9
CIC AMI	34.0	543.0	10.3	59.1	-
ISC	13.6	21.1	8.0	-	-
SGC	20.3	15.3	-	-	-
SGGF MC	1.7	-	-	-	-
NewGrade	-	-	-	105.0	105.0
Total Dividend Revenue	$ 258.1	$ 773.4	$ 221.1	$ 342.7	$ 299.9

- SaskPower's dividend has been suspended in order to support SaskPower's significant capital program over the next ten years. The suspension reflects the need for SaskPower to retain capital in order to maintain a prudent debt to equity ratio.
- SaskTel's dividend of $103.2 million increased by $24.3 million from its 2008 dividend of $78.9 million. The increase is primarily due to an increase in SaskTel's dividend rate from 65.0 per cent in 2008 to 80.0 per cent of earnings in 2009. The increase in dividend rate was possible due to the strong debt to equity ratio at SaskTel.
- SaskEnergy's 2009 dividend of $51.3 million increased $8.4 million from $42.9 million in 2008. The increase was mainly due to the gain on sale of SaskEnergy's 50.1 per cent investment in Heritage Gas.
- SGI's 2009 dividend of $34.0 million increased $7.8 million from $26.2 million in 2008. The increase was due mainly to increased earnings from strong underwriting results in Saskatchewan, Alberta and Manitoba.
- CIC AMI's dividend of $34.0 million decreased $509.0 million from $543.0 million in 2008. On October 1, 2008, CIC AMI sold its investment in Saskferco Products Inc. for net proceeds of $816.9 million. From these proceeds, CIC AMI paid CIC a dividend of $543.0 million. In 2009 CIC AMI received proceeds from a hold back account on the sale of Saskferco Products Inc. These proceeds were used to pay CIC its 2009 dividend.
- ISC's 2009 dividend of $13.6 million decreased $7.5 million from $21.1 million in 2008. The decrease was due primarily to a lower volume of land transactions as the economy slowed in 2009 as compared to 2008.
- SGC's 2009 dividend of $20.3 million increased $5.0 million from $15.3 million in 2008. SGC became a CIC subsidiary effective April 1, 2008. The dividend received from SGC reflects twelve months of earnings in 2009 compared to nine months of earnings in 2008.
- SGGF MC was dissolved on March 31, 2009. Its remaining net assets at dissolution were transferred to CIC in the form of a dividend.
- NewGrade was sold on November 1, 2007.

Expenses

CIC's expenses are divided into two main categories: administrative and grants to subsidiary corporations. The adjacent chart shows CIC's expenses by category. Total expenses in 2009 of $121.9 million were $69.3 million higher than the 2008 total of $52.6 million.



Administrative Expenses

Administrative expenses decreased by $3.5 million during 2009 to $18.6 million. The decrease is primarily as a result of lower consulting and travel costs and decreased program funding.

Grants to Subsidiary Corporations

CIC's grant funding to subsidiary corporations of $103.3 million (2008 - $30.5 million) increased by $72.8 million over 2008. CIC's grant funding is as follows:

- CIC grant funding to STC of $9.6 million decreased from $15.2 million in 2008. Funding for 2009 was comprised of $7.6 million (2008 - $6.2 million) for operations, $1.8 million (2008 - $2.3 million) to meet capital requirements, and $Nil (2008 - $6.6 million) to complete the construction of the new bus terminal in Regina. STC began construction of its new facility in 2005 and has received a total of $25.5 million from CIC for the project. The new facility was opened to the public in November 2009.
- CIC provided $47.8 million in grants to SaskTel, $45.0 million (2008 - $Nil) to fund the Saskatchewan Rural Infrastructure Program and $2.9 million (2008 - $4.5 million) to fund FleetNet, a provincial emergency communications network.
- CIC provided SaskEnergy with $16.3 million (2008 - $ 7.6 million) as part of the Saskatchewan Energy Share program.
- SaskPower received $27.8 million (2008 - $2.1 million) for carbon capture and storage demonstration projects. CIC provided SaskPower's grant out of restricted funding from the GRF.
- Gradworks Inc. received $1.9 million in grants in 2009 (2008 - $1.0 million) to fund its internship program.

Operating, Investing and Financing Activities

(millions of dollars)	2009	2008
Cash Flow Highlights		
Cash from operations	$ 152.3	$ 761.2
Cash provided by (used in) investing activities	228.2	(150.1)
Cash used in financing activities	(907.8)	(545.8)
Change in Cash	$ (527.3)	$ 65.3

Cash from operations in 2009 of $152.3 million decreased from 2008 by $608.9 million. The decrease was mainly due to lower dividend revenue related to the suspension of dividends from SaskPower in order to support SaskPower's significant capital program and lower dividends from CIC AMI. During 2008, CIC AMI paid a dividend to CIC of $543.0 million relating to the sale of Saskferco Products Inc. CIC AMI had no significant sale of assets in 2009.

Operating, Investing and Financing Activities (continued)

In 2009, investing activities provided $228.2 million in cash compared to a use of cash of $150.1 million in 2008. Cash from investing activities was provided mainly through the proceeds from the sale of short-term investments, and the retraction of $10.5 million of equity from subsidiary Crown Corporations.

CIC continued to invest in its venture capital funds that focus on investing in Saskatchewan. During the year, CIC invested $0.9 million in CIC Economic Holdco Ltd. and $0.6 million in CIC Apex Equity Holdco Ltd.

Cash used in financing activities is comprised primarily of CIC's dividend payments to the GRF. In 2008, CIC declared a dividend to the GRF of $150.0 million, paid in March 2009. CIC also declared and paid a dividend to the GRF of $755.0 million in the fourth quarter of 2009.

❖ PUBLIC POLICY INITIATIVES

CIC Economic Holdco Ltd. (Saskatchewan Entrepreneurial Fund Joint Venture)

CIC Economic Holdco Ltd. was established in November 2005 in order to hold a joint venture interest in Saskatchewan Entrepreneurial Fund Joint Venture (The Fund). The Fund operates as an institutional investment fund focusing on investment in the Province of Saskatchewan and the creation of employment and economic growth and expansion of the small business sector. To December 31, 2009, CIC had invested $4.2 million in the Fund.

During 2009, the CIC Board discontinued further capital contributions by CIC to the Fund.

First Nations and Métis Fund Inc.

First Nations and Métis Fund Inc. was established in May 2006 to provide venture capital to qualifying First Nations and Métis businesses in the Province of Saskatchewan. CIC has committed to invest up to $20.0 million. To December 31, 2009, CIC had invested $4.1 million in the Fund.

CIC Apex Equity Holdco Ltd. (Apex Investment Limited Partnership)

CIC Apex Equity Holdco Ltd. was established in February 2007 to hold a joint venture interest in Apex Investment Limited Partnership (The Fund). Together with its partners, Conexus Credit Union 2006, Cornerstone Credit Union, Innovation Credit Union and PFM Capital Inc., the Fund focuses on debt and equity investments in the Province of Saskatchewan's small and medium sized business sector. CIC is committed to invest up to $30.0 million in the Fund. To December 31, 2009 CIC has $10.1 million invested in the Fund.

Gradworks Inc. (Gradworks)

The Gradworks internship program was formally launched in February 2005 after operating on a trial basis in 2004. Gradworks provides recent post-secondary graduates with internships in CIC Crown corporations, providing the graduates job opportunities and valuable work experience that may lead to permanent jobs in the Crowns, or with other employers. In 2009, CIC provided grant funding of $1.9 million (2008 - $1.0 million) to Gradworks.

❖ COMPARISON OF 2009 RESULTS WITH BUDGET

(millions of dollars)	2009 Dividend Revenue Budget	2009 Dividend Revenue Actual	Dividend (%) of Earnings
Dividends to CIC			
SaskPower	$ -	$ -	N/A
SaskTel	92.8	103.2	80%
SaskEnergy	57.6	51.3	80%
SGI	26.4	34.0	65%
CIC AMI	-	34.0	N/A
ISC	15.3	13.6	90%
SGC	20.3	20.3	80%
SGGF MC	-	1.7	N/A
Total Dividend Revenue	212.4	258.1	
Grant Funding	(101.0)	(103.3)	
Other Income & Expenses	12.6	21.9	
Non-Consolidated Earnings	$ 124.0	$ 176.7	
Dividend to the GRF	$ 295.0	$ 755.0	

Earnings

The preceding table shows CIC's non-consolidated earnings for 2009. Non-consolidated earnings for 2009 of $176.7 million compared favourably to the budgeted amount of $124.0 million. The earnings exceeded budget primarily due to unbudgeted dividend revenue from CIC AMI.

Dividend Revenue

Dividend revenue is directly proportionate to Crown earnings. The following outlines variances in dividends from Crown corporations:

- SaskPower dividends have been suspended in order to support SaskPower's significant capital program over the next ten years.
- SaskTel dividends were above budget due to higher than budgeted operating margins.
- SaskEnergy dividends were below budget due to a low natural gas price environment which negatively impacted transmission and storage activity, and demand for natural gas by-products that was partially offset by customer growth.
- SGI dividends were higher than budget due to solid underwriting performance in Saskatchewan, Alberta and Manitoba operations.
- CIC AMI dividends are based on available cash flow. During 2009, CIC AMI received the remaining proceeds from the 2008 sale of Saskferco Products Inc. These proceeds were distributed to CIC by way of dividend.
- ISC dividends were below budget due to a lower than expected volume of land transactions.

Grant Funding

CIC's grant funding to subsidiary Crown corporations was above budget by $2.3 million. This is primarily due to higher than budgeted grants to SaskEnergy in support of the EnerGuide for Houses program.

Dividend to the GRF

In 2009, CIC declared and paid a dividend to the GRF of $755.0 million (2008 - $365.0 million). CIC's dividend was $460.0 million above the budgeted dividend. The dividend supported the 2009-10 provincial budget and was paid primarily from the sale proceeds of Saskferco Products Inc.

❖ KEY FACTORS AFFECTING FINANCIAL PERFORMANCE

Earnings of Crown Corporations

- The key factor affecting CIC's earnings are the level of dividends from commercial subsidiary Crown corporations.
- Factors affecting the level of dividends from subsidiary Crowns include the level of profits and the application of CIC's Subsidiary Dividend Policy. The CIC Board determines dividends from a subsidiary after allocating cash for reinvestment into the Crown and also for debt reduction, if necessary.

Investment Values

- CIC regularly assesses the appropriateness of the carrying value for its investments, and writes down an investment if it judges the investment to have other than a temporary decline in carrying value.

❖ LOOKING AHEAD TO 2010

CIC's key financial initiatives for 2010 include:

- Enhance accountability through the adoption of a sector wide Enterprise Risk Management framework.
- Ensure a smooth transition to IFRS for CIC and its subsidiary Crown corporations.
- Continue to monitor new developments in financial reporting and governance, ensuring that CIC is a leader in its reporting and accountability practices.
- Continue to provide a return to the shareholder.
- Contribute to important public policy initiatives by:
  - Funding youth initiatives such as Gradworks and;
  - Providing capital to fund specified economic initiatives, including funding of carbon capture and storage demonstration projects.

(millions of dollars)	Earnings	Dividend	Dividend (%) of Crown Earnings
Crown Corporation 2010 Budget			
SaskPower	$ 134.2	$ -	
SaskTel	115.2	115.2	100%
SaskEnergy	58.1	58.1	100%
SGI	42.7	42.7	100%
CIC AMI	5.2	-	
ISC	10.9	10.9	100%
SaskWater	0.2	-	
STC	(0.7)	-	
SOCO	2.9	9.0	N/A
SGC	25.2	25.2	100%
CIC (non-consolidated), Other Adjustments	(36.3)		
Consolidated Earnings	$ 355.6		
Dividend to the GRF	$ 276.0		

CIC AMI's dividend is determined under a formula, which is determined at year end.
SOCO dividend is a $9.0 million special dividend from cash reserves.

❖ RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying non-consolidated financial statements have been prepared by management of Crown Investments Corporation of Saskatchewan to illustrate the financial position and results of operations of the corporate entity only. They have been prepared, on a non-consolidated basis, in accordance with the basis of accounting described in Note 2 to the financial statements, consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the non-consolidated financial statements, the notes to the non-consolidated financial statements and other information contained in this Annual Report.

The Corporation's Board of Directors is responsible for overseeing the business affairs of the Corporation and also has the responsibility for approving the financial statements. The Board of Directors is responsible for reviewing the annual financial statements and meeting with management, KPMG LLP and the Provincial Auditor for Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the financial statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor for Saskatchewan has reported to the Legislative Assembly that these controls are adequately functioning.

KPMG LLP has audited the non-consolidated financial statements. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the non-consolidated financial statements, appears below.

Ron Styles
President & CEO

Blair Swystun, CFA
Senior Vice-President & CFO

March 23, 2010

❖ AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan

We have audited the non-consolidated statement of financial position of Crown Investments Corporation of Saskatchewan as at December 31, 2009 and the non-consolidated statements of operations and comprehensive income, retained earnings and cash flows for the year then ended. These non-consolidated financial statements have been prepared at the request of the Legislative Assembly of Saskatchewan. These non-consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting described in Note 2 to the financial statements.

These non-consolidated financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are intended for the purpose of tabling with the Legislative Assembly of Saskatchewan.

KPMG LLP

Chartered Accountants
Regina, Saskatchewan

March 23, 2010

As at December 31 (thousands of dollars)	2009	2008
ASSETS		
Current		
Cash and cash equivalents (Note 3)	$ 96,009	$ 623,323
Short-term investments (Note 4)	451,829	671,726
Interest and accounts receivable	3,111	3,648
Dividends receivable	85,697	57,543
Restricted cash and cash equivalents (Note 5)	67,132	29,333
	703,778	1,385,573
Restricted cash and cash equivalents (Note 5)	146,693	209,395
Equity advances to Crown corporations (Note 6)	1,082,736	1,093,187
Investments in share capital corporations (Note 7)	45,721	44,154
Equipment (Note 8)	543	375
Intangible assets (Note 9)	276	-
	$ 1,979,747	$ 2,732,684
LIABILITIES AND PROVINCE'S EQUITY		
Interest and accounts payable	$ 6,341	$ 3,213
Dividend payable to General Revenue Fund	-	150,000
Deferred funding (Note 5)	210,141	237,895
	216,482	391,108
Province of Saskatchewan's Equity		
Equity advances (Note 10)	1,051,152	1,051,152
Retained earnings	712,113	1,290,424
	1,763,265	2,341,576
	$ 1,979,747	$ 2,732,684

Commitments and Contingencies (Note 11)

(See accompanying notes)

On behalf of the Board:

Director

Director

NON-CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the Year Ended December 31 (thousands of dollars)	2009	2008
REVENUE		
Dividend (Note 12)	$ 258,102	$ 773,398
Interest	12,664	26,287
Grant funding from General Revenue Fund (Note 5)	27,754	2,105
Other	57	37
	298,577	801,827
EXPENSES		
General, administrative and other	18,429	21,927
Depreciation	143	156
	18,572	22,083
Earnings before the following	280,005	779,744
Grants to Subsidiary Corporations (Note 13)	(103,316)	(30,492)
NET EARNINGS	176,689	749,252
OTHER COMPREHENSIVE INCOME	-	-
COMPREHENSIVE INCOME	$ 176,689	$ 749,252

(See accompanying notes)

NON-CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the Year Ended December 31 (thousands of dollars)	2009	2008
RETAINED EARNINGS, BEGINNING OF YEAR	$ 1,290,424	$ 906,172
NET EARNINGS	176,689	749,252
DIVIDEND TO GENERAL REVENUE FUND	(755,000)	(365,000)
RETAINED EARNINGS, END OF YEAR	$ 712,113	$ 1,290,424

(See accompanying notes)

For the Year Ended December 31 (thousands of dollars)	2009	2008
OPERATING ACTIVITIES		
Net earnings	$ 176,689	$ 749,252
Add (deduct) non-cash items:		
Depreciation	143	156
	176,832	749,408
Net change in non-cash working capital balances related to operations (Note 14)	(24,489)	11,841
Cash provided by operating activities	152,343	761,249
INVESTING ACTIVITIES		
Proceeds from retraction of equity advances (Note 6)	10,451	12,000
Proceeds from retraction of CIC Asset Management Inc. shares	-	239,517
Equity advance to Saskatchewan Gaming Corporation	-	(29,805)
Decrease (increase) in short-term investments	219,897	(365,266)
Purchase of investments	(1,567)	(6,374)
Purchase of equipment	(311)	(195)
Purchase of intangible assets	(276)	-
Cash provided by (used in) investing activities	228,194	(150,123)
FINANCING ACTIVITIES		
Decrease (increase) in restricted cash and cash equivalents	24,903	(238,726)
(Decrease) increase in deferred funding	(27,754)	237,895
Repayment of equity advances to the General Revenue Fund	-	(130,000)
Dividend paid	(905,000)	(415,000)
Cash used in financing activities	(907,851)	(545,833)
NET (DECREASE) INCREASE IN CASH DURING YEAR	(527,314)	65,293
CASH POSITION, BEGINNING OF YEAR	623,323	558,030
CASH POSITION, END OF YEAR	$ 96,009	$ 623,323

(See accompanying notes)

December 31, 2009

1. STATUS OF CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

The Government Finance Office was established by Order in Council 535/47 dated April 2, 1947, and was continued under the provision of *The Crown Corporations Act, 1993* (the Act), as Crown Investments Corporation of Saskatchewan (CIC). CIC is an agent of Her Majesty in Right of the Province of Saskatchewan and as a Provincial Crown corporation is not subject to Federal and Provincial income taxes.

The Act assigns specific financial and other responsibilities to CIC regarding Crown corporations designated or created as subsidiary Crown corporations of CIC under the Act. The following Crown corporations have been designated or created by Order in Council:

- Information Services Corporation of Saskatchewan
- SaskEnergy Incorporated
- Saskatchewan Development Fund Corporation
- Saskatchewan Gaming Corporation
- Saskatchewan Government Growth Fund Management Corporation
- Saskatchewan Government Insurance
- Saskatchewan Opportunities Corporation
- Saskatchewan Power Corporation
- Saskatchewan Telecommunications
- Saskatchewan Telecommunications Holding Corporation
- Saskatchewan Transportation Company
- Saskatchewan Water Corporation

Saskatchewan Government Growth Fund Management Corporation was dissolved effective March 31, 2009.

In addition to the above Crown corporations, CIC is the sole member of Gradworks Inc., a non-profit corporation and the sole shareholder of CIC Asset Management Inc. (formerly Investment Saskatchewan Inc.), First Nations and Métis Fund Inc. (FNMF), CIC Economic Holdco Ltd., and CIC Apex Equity Holdco Ltd. which are wholly-owned share capital subsidiaries.

Investment Saskatchewan Inc. was de-designated as a subsidiary Crown corporation pursuant to Order in Council 652/2009 effective September 10, 2009, and is continued under the authority of *The Business Corporations Act (Saskatchewan)* as CIC Asset Management Inc. with CIC as sole shareholder.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The non-consolidated financial statements of CIC have been prepared in accordance with Canadian generally accepted accounting principles except as noted in a), b) and c) below. The preparation of periodic financial statements involves the use of estimates since the precise determination of financial data frequently depends on future events. These financial statements have been prepared by management within reasonable limits of materiality using the accounting policies summarized below:

a) Basis of presentation

These non-consolidated financial statements have been prepared at the request of the Legislative Assembly of Saskatchewan in accordance with the significant accounting policies described below. The basis of accounting used to prepare these non-consolidated financial statements materially differs from Canadian generally accepted accounting principles because CIC's subsidiaries are accounted for using the cost method. CIC has also prepared and tabled consolidated financial statements for the same period in accordance with Canadian generally accepted accounting principles.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Equity advances to Crown corporations

Crown corporations do not have share capital. However, seven Crown corporations have received equity advances from CIC to form their equity capitalization. The equity advances are initially recorded at cost, but where there has been a decline in the value of the investment that is not considered temporary, the investment is written down to its estimated net realizable value. Dividends from these corporations are recognized as income when declared.

c) Investments in share capital corporations

Investments in shares of corporations are accounted for using the cost method regardless of whether or not there is a parent-subsidiary relationship. When there has been a decline in the value of a share capital corporation that is not considered temporary, the investment is written down to its estimated net realizable value. Dividends from these share investments are recognized as income when declared.

d) Equipment

Equipment is recorded at cost. When these assets are disposed of or retired, the related costs and accumulated depreciation are eliminated from the accounts. Any resulting gains or losses are reflected in the statement of operations.

Equipment is depreciated using the following methods:

Computer equipment	- 3 years straight-line
Furniture and equipment	- 20% declining balance
Computer software	- 3 years straight-line
Leasehold improvements	- over life of lease

e) Intangible assets

Intangible assets relate to a carbon offset project located within Saskatchewan. Capitalized costs are for the planting of hybrid poplar trees used to sequester carbon from the atmosphere in tree biomass. The project is expected to create carbon offset credits over its life cycle ending September, 2029.

Amortization is calculated on a straight-line basis over 20 years, beginning in 2010.

f) Financial instruments

All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. CIC has made the following classifications:

- Cash and cash equivalents, short-term investments, and restricted cash and cash equivalents are classified as financial assets held-for-trading and are measured at fair value.
- Interest and accounts receivable and dividends receivable are classified as loans and receivables and are recorded at amortized cost using the effective interest rate method.
- Interest and accounts payable and dividend payable to the General Revenue Fund are classified as other liabilities and measured at amortized cost using the effective interest rate method.

Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

Level 1 - Quoted prices are readily available from an active market.
Level 2 - Inputs, other than quoted prices included in level 1, which are observable either directly or indirectly.
Level 3 - Inputs are not based on observable market data.

The Corporation's financial instruments which include cash and cash equivalents, short-term investments and restricted cash and cash equivalents are categorized as level 1.

g) Cash position

Cash position includes the cash held within CIC's bank accounts and investments which mature on or before March 31, 2010.

h) Future accounting policy changes

International Financial Reporting Standards (IFRS)

The CICA Accounting Standards Board has confirmed that publicly accountable enterprises will be required to adopt IFRS in place of Canadian GAAP for interim and annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year. The Public Sector Accounting Board (PSAB) in September 2009, approved an amendment to the introduction to the Public Sector Accounting Handbook, which requires Government Business Enterprises (GBE's) to adopt IFRS and Other Government Organizations (OGO's) to adopt either IFRS or the public sector handbook, whichever is considered the most appropriate basis of accounting. CIC, as a stand-alone entity is an OGO, however, because the majority of its subsidiaries are GBE's, CIC has selected IFRS as its accounting platform.

CIC and its subsidiaries, have commenced an IFRS conversion project including initiating the development of high level IFRS implementation plans for each subsidiary that include stakeholder identification, milestones and deadlines, planned scope and approach, risks and mitigations, project governance and accountability responsibilities, and resource requirements. An external advisor has been engaged to assist with the development of plans and to perform a detailed review of major differences between current GAAP and IFRS. CIC Board members have been briefed on IFRS, in general, and CIC's project plan has been reviewed by the CIC Board of Directors.

Management and staff from CIC and its subsidiaries have participated in detailed IFRS training seminars. Project teams have completed an initial assessment of those international financial reporting standards with the highest potential for impacts.

Selection of accounting policies has been finalized and CIC is in the final stages of determining the impact of IFRS on processes, systems, internal controls over financial reporting and disclosures, and future financial position and results of operations. IFRS financial statement presentation formats are being finalized. Other than changes to certain formats and required reconciliations, CIC does not expect any material changes to these non-consolidated financial statements.

3. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are $57.4 million (2008 - $603.8 million) of investments maturing on or before March 31, 2010 with an effective interest rate of 0.29 per cent (2008 - 1.83 per cent).

4. SHORT-TERM INVESTMENTS

Included in short-term investments are $451.8 million (2008 - $671.7 million) of investments maturing on or before October 20, 2010 with an effective interest rate of 0.57 per cent (2008 - 2.01 per cent).

5. RESTRICTED CASH AND CASH EQUIVALENTS AND DEFERRED FUNDING

Included in restricted cash and cash equivalents are $203.7 million (2008 - $177.5 million) of investments maturing on or before September 15, 2010 with an effective interest rate of 0.51 per cent (2008 - 1.32 per cent).

Restricted cash and cash equivalents and deferred funding are comprised of unspent funding transferred to CIC from the Province of Saskatchewan's General Revenue Fund (GRF) restricted for carbon capture and storage demonstration projects undertaken by Saskatchewan Power Corporation (SaskPower). As qualifying expenditures are made, CIC recognizes an equivalent amount of funding in earnings and reduces restricted cash and cash equivalents and deferred funding by the same amount.

During 2009, $27.8 million (2008 - $2.1 million) has been funded to SaskPower under this program as follows:

(thousands of dollars)	2009	2008
Deferred GRF funding - beginning of year	$ 237,895	$ 240,000
Grant funding earned and grant to SaskPower	(27,754)	(2,105)
Deferred GRF funding - end of year	$ 210,141	$ 237,895
Comprised of:		
Restricted cash and cash equivalents	$ 213,825	$ 238,728
Payable to SaskPower (a)	(3,684)	(833)
Deferred funding	$ 210,141	$ 237,895

(a) Amounts payable to SaskPower are included in interest and accounts payable.

6. EQUITY ADVANCES TO CROWN CORPORATIONS

Equity advances to Crown corporations are as follows:

(thousands of dollars)	2009	2008
Saskatchewan Power Corporation	$ 660,000	$ 660,000
Saskatchewan Telecommunications Holding Corporation	250,000	250,000
Saskatchewan Government Insurance	80,000	80,000
SaskEnergy Incorporated	71,531	71,531
Saskatchewan Gaming Corporation (a)	19,805	29,805
Saskatchewan Development Fund Corporation (b)	700	1,150
Saskatchewan Water Corporation	700	700
Saskatchewan Government Growth Fund Management Corporation (c)	-	1
	$ 1,082,736	$ 1,093,187

6. EQUITY ADVANCES TO CROWN CORPORATIONS (continued)

a) On December 2, 2009, the Saskatchewan Gaming Corporation repaid $10.0 million of its equity advances to CIC.

b) On June 19, 2009, the Saskatchewan Development Fund Corporation repaid $450.0 thousand of its equity advances to CIC.

c) On March 31, 2009, the Saskatchewan Government Growth Fund Management Corporation was dissolved and the outstanding equity advance of $1.0 thousand was repaid to CIC.

d) Crown corporations are not publicly traded and therefore have no quoted market value. As a result, CIC has determined that it is not practical with sufficient reliability to fair value these investments.

7. INVESTMENTS IN SHARE CAPITAL CORPORATIONS

(thousands of dollars)	Voting Percentage	2009	2008
CIC Asset Management Inc. (a):			
17,999,983 (2008 - 17,999,983) common shares	100%	$ 180,000	$ 180,000
First Nations and Métis Fund Inc. (FNMF) (b):			
100 (2008 - 100) Class A common shares	100%	-	-
Due from FNMF		4,100	4,100
		4,100	4,100
CIC Economic Holdco Ltd. (c):			
100 (2008 - 100) Class A common shares	100%	-	-
Due from CIC Economic Holdco Ltd.		4,223	3,300
		4,223	3,300
CIC Apex Equity Holdco Ltd. (d):			
100 (2008 - 100) Class A Common Shares	100%	-	-
Due from CIC Apex Equity Holdco Ltd.		10,123	9,479
		10,123	9,479
		198,446	196,879
Write down of investments:			
CIC Asset Management Inc.		(152,725)	(152,725)
		$ 45,721	$ 44,154

7. INVESTMENTS IN SHARE CAPITAL CORPORATIONS (continued)

a) CIC Asset Management Inc. (formerly Investment Saskatchewan Inc.) was de-designated as a subsidiary Crown corporation pursuant to Order in Council 653/2009 effective September 10, 2009 and is continued under the authority of *The Business Corporations Act (Saskatchewan)*.

b) FNMF was established on May 9, 2006 to provide venture capital to qualifying First Nations and Métis businesses in the Province of Saskatchewan.

c) CIC, through its wholly-owned subsidiary, CIC Economic Holdco Ltd., entered into a joint venture agreement with Saskatchewan Entrepreneurial Fund Joint Venture (SEFJV). The SEFJV was established on April 24, 2006 to operate as an institutional investment fund focusing primarily on investment in Saskatchewan and the creation of employment and economic growth and expansion of the small business sector in Saskatchewan. CIC Economic Holdco Ltd. holds a 45.5 per cent (2008 - 45.5 per cent) joint venture interest in SEFJV.

At December 31, 2009, CIC Economic Holdco Ltd. had total assets of $4.2 million (2008 - $3.4 million) and recorded a net loss of $0.1 million (2008 - net income of $0.2 million). CIC has invested $4.2 million (2008 - $3.3 million) in capital in SEFJV through CIC Economic Holdco Ltd.

d) CIC, through its wholly-owned subsidiary, CIC Apex Equity Holdco Ltd., entered into a joint venture agreement with Apex Investment GP Inc., PFM Capital Inc., Conexus Credit Union 2006, Cornerstone Credit Union and Innovation Credit Union to establish Apex Investment Limited Partnership (APEX). APEX was established on February 1, 2007 to focus on debt and equity investments in Saskatchewan small and medium-sized businesses. The objective of APEX is to realize long-term capital appreciation from its investments. CIC Apex Equity Holdco Ltd. holds a 60.0 per cent (2008 - 60.0 per cent) joint venture interest in APEX.

At December 31, 2009, CIC Apex Equity Holdco Ltd. had total assets of $13.8 million (2008 - $14.9 million) and recorded net earnings of $0.6 million (2008 - $3.3 million). CIC has invested $10.1 million (2008 - $9.5 million) in capital in APEX through CIC Apex Equity Holdco Ltd.

e) The securities of CIC Asset Management Inc., FNMF, CIC Apex Equity Holdco Ltd. and CIC Economic Holdco Ltd., are not publicly traded and therefore have no quoted market value. As a result, CIC has determined that it is not practical with sufficient reliability to fair value these investments.

8. EQUIPMENT

(thousands of dollars)	Cost	2009 Accumulated Depreciation	Net Book Value	2008 Net Book Value
Equipment	$ 1,704	$ 1,161	$ 543	$ 375

9. INTANGIBLE ASSETS

(thousands of dollars)	Cost	2009 Accumulated Amortization	Net Book Value	2008 Net Book Value
Intangible assets	$ 276	$ -	$ 276	$ -

10. EQUITY ADVANCES AND CAPITAL DISCLOSURES

CIC does not have share capital. However, CIC has received advances from the GRF to form its equity capitalization. The advances are an equity investment in CIC by the GRF. During 2009, CIC repaid $Nil (2008 - $130 million) in equity advances to the GRF. CIC, as a holding corporation for the Saskatchewan commercial Crown sector, does not carry any debt. Equity advances from the GRF have been invested in subsidiary Crown corporations.

CIC's ability to pay regular dividends to the GRF depends mainly on the level of Crown corporation dividends to CIC, less CIC's operating costs. These costs include support to non-dividend paying Crown corporations and public policy expenditures. Crown corporation dividend levels depend on their net earnings and capital structure. In addition to cash constraints, CIC's ability to declare dividends to the GRF depends on its retained earnings. CIC's earnings and hence, dividend capacity outlook, are sensitive to adverse developments in its operating expenditures and Crown corporation earnings.

During 2009, CIC paid $905.0 million (2008 - $415.0 million) in dividends to the GRF, $150.0 million relating to amounts accrued in 2008 and $755.0 million relating to dividends declared in 2009.

11. COMMITMENTS AND CONTINGENCIES

a) CIC and Consumer's Co-operative Refineries Limited (CCRL) entered into an agreement whereby CIC has agreed to provide up to $5.0 million of grant funding towards CCRL'S research, development or implementation of technologies that reduce greenhouse gas emissions.

b) CIC has guaranteed the annuities for the Retirement Annuity Fund portion of the Capital Pension Plan. CIC does not expect any exposure under this guarantee in 2010.

c) CIC has committed to invest up to $20.0 million in the First Nations and Métis Fund Inc. At December 31, 2009, CIC has invested $4.1 million (2008 - $4.1 million).

d) CIC has committed to invest up to $60.0 million in the Apex Investment Limited Partnership. At December 31, 2009, CIC has invested $10.1 million (2008 - $9.5 million).

e) CIC has committed to provide Saskatchewan Telecommunications Holding Corporation $90.0 million in infrastructure grants over a three year period commencing in 2009. To December 31, 2009, CIC has provided $45.0 million of this commitment.

12. DIVIDEND REVENUE

Dividend revenue consists of the following:

(thousands of dollars)	2009	2008
Saskatchewan Telecommunications Holding Corporation	$ 103,207	$ 78,896
SaskEnergy Incorporated	51,253	42,900
Saskatchewan Government Insurance	34,039	26,228
CIC Asset Management Inc.	34,000	542,996
Saskatchewan Gaming Corporation	20,307	15,320
Information Services Corporation	13,553	21,051
Saskatchewan Government Growth Fund Management Corporation	1,743	-
Saskatchewan Power Corporation	-	46,007
	$ 258,102	$ 773,398

13. GRANTS TO SUBSIDIARY CORPORATIONS

Grants to subsidiary Corporations consist of the following:

(thousands of dollars)	2009	2008
Saskatchewan Telecommunications Holding Corporation	$ 47,753	$ 4,502
Saskatchewan Power Corporation (Note 5)	27,754	2,105
SaskEnergy Incorporated (a)	16,279	7,610
Saskatchewan Transportation Company	9,600	15,150
Gradworks Inc.	1,930	1,000
Saskatchewan Water Corporation	-	125
	$ 103,316	$ 30,492

a) In November 2005, Cabinet announced a two-part plan to help Saskatchewan people reduce heating costs and share the benefits of increased revenues from natural gas. During the year, CIC provided $16.3 million (2008 - $7.6 million) to SaskEnergy Incorporated to meet the directive.

14. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

(thousands of dollars)	2009	2008
Decrease (increase) in interest and accounts receivable	$ 537	$ (363)
(Increase) decrease in dividends receivable	(28,154)	10,178
Increase in interest and accounts payable	3,128	2,026
	$ (24,489)	$ 11,841

15. RELATED PARTY TRANSACTIONS

Included in these non-consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to CIC by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year end are as follows:

Category (as per financial statements) (thousands of dollars)	2009	2008
Interest and accounts receivable	$ 311	$ 80
Interest and accounts payable	5,588	1,387
Other revenue	16	26
General, administrative and other expenses	4,697	2,463

In addition, CIC pays Saskatchewan Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

CIC provides management services to First Nations and Métis Fund Inc., Gradworks Inc., CIC Economic Holdco Ltd. and CIC Apex Equity Holdco Ltd. without charge.

These non-consolidated financial statements and the notes thereto separately describe other transactions and amounts due to and from related parties and the terms of settlement.

16. PENSION PLAN

CIC's employees participate in the Capital Pension Plan (the Plan), a defined contribution pension plan which is administered by CIC. CIC's contributions to the Plan include making regular payments into the Plan to match the required amounts contributed by employees for current service. The total amount paid to the Plan for 2009 was $601.3 thousand (2008 - $418.2 thousand). Included in the Plan is a Retirement Annuity Fund (the Fund). The Fund provides retirement annuities at the option of retiring members of the Plan. An actuarial valuation of the Fund is performed annually. The assets of the Fund at December 31, 2009 exceed the actuarially determined net present value of retirement annuities payable.

17. COMPARATIVE FIGURES

Certain of 2008 comparative figures have been reclassified to conform to current year's presentation.

Accumulated other comprehensive income

Comprises the accumulated balance of all components of other comprehensive income, being revenues, expenses, gains and losses that, in accordance with primary sources of generally accepted accounting principles, are recognized in comprehensive income, but excluded from net earnings.

Capital resources

The funds that have been invested in and loaned to the corporation to allow it to carry out its operations and investment activities. A corporation's capital consists of its debt and equity.

Capital structure

The relative percentage or weighting of debt compared to equity for a corporation. The ideal capital structure for a corporation is usually specific to its industry and depends on factors such as the level of capital assets required to maintain operations, the cost of borrowing, the risk associated with the industry, and shareholder expectations.

Cash flow return on equity

A measure of profitability used to evaluate the Province's investment in CIC. It is based on the cash return (e.g., dividend) provided to the owner and is calculated as dividends paid to the GRF divided by the Province's equity.

Comprehensive income

The change in equity (net assets) of an enterprise during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners.

Debt ratio

Measures the per cent of debt in the overall capital structure of an organization and is used to evaluate its financial flexibility. It is calculated as total debt from ongoing operations (long-term debt plus long-term debt due within one year plus notes payable) less sinking funds divided by the corporation's capital (debt plus equity).

Derivative

A contract or security that obtains its value from price movements in a related or underlying security, future or other instrument or index.

Dividend capacity

The financial ability that a Corporation has to pay dividends. Dividend capacity is determined by identifying cash sources from operations, analyzing reinvestment needs and the target capital structure, and then determining surplus cash.

Dividend payout rate

The percentage of earnings that has been paid out as dividends.

Forward contract

A contractual commitment to buy or sell a specified currency at a specific price and date in the future.

General Revenue Fund (GRF)

The GRF is a special purpose fund that the Government uses to pay for most of the programs it provides. It is the Government of Saskatchewan's central accounting entity where all public monies are deposited to and disbursed from, as authorized by the Legislative Assembly.

Minimum capital test (MCT)

The minimum capital test is a capital adequacy test widely used in the insurance industry and indicates capital available to pay claims compared to capital required.

Option

A contract that grants the right, but not the obligation, to buy or sell a commodity or financial instrument at a specified price at a point in time during a defined period.

Other comprehensive income

Comprises revenue, expenses, gains and losses that, in accordance with primary sources of generally accepted accounting principles are recognized in comprehensive income, but excluded from net earnings.

Performance Management Plans

Plans that are developed by each Crown corporation detailing key strategic priorities, measures and targets for a given year. They are also referred to as business plans, and typically include the corporation's budget for the year.

Return on equity

A measure of profitability that relates a company's earnings to the investment by its owners. It is calculated as net earnings divided by the average shareholder's equity.

Significant transaction

Significant transactions are those judged by a Crown corporation to be sensitive and likely of interest to legislators and the public, or where the transaction is both material and outside the ordinary course of business and involves:

- the acquisition of a major investment or asset, or the assumption of a major liability;
- a change in the terms and conditions governing an existing investment or asset; or
- the divestment of a major asset or investment.

Sinking fund

An account held for the specific purpose of paying down an existing debt instrument (e.g. loan) that has a maturity date in the future. Money is placed in the fund over the period which the debt is held, and then used to pay off the debt at its maturity. Sinking funds are recorded as investments for financial reporting purposes.

Swap

A contractual agreement to exchange a stream of periodic payments with a counterparty.

❖ CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN (CIC)

400-2400 College Avenue
Regina, Saskatchewan S4P 1C8
Inquiry: (306) 787-6851
President: Ron Styles
Web site: www.cicorp.sk.ca

❖ SUBSIDIARIES

Information Services Corporation of Saskatchewan
300-10 Research Drive
Regina, Saskatchewan S4S 7J7
Inquiry: 1-866-275-4721
President: Jeff Stusek
Website: www.isc.ca

CIC Asset Management Inc.[1]
1800-1874 Scarth Street
Regina, Saskatchewan S4P 4B3
Inquiry: (306) 787-7200
Managing Director: Rae Haverstock
Website: www.cicorp.sk.ca

Saskatchewan Development Fund Corporation
400-2400 College Avenue
Regina, Saskatchewan S4P 1C8
Inquiry: (306) 787-1645
General Manager: John Amundson

Saskatchewan Government Growth Fund[2]
400-2400 College Avenue
Regina, Saskatchewan S4P 1C8
Inquiry: (306) 787-7259
President: John Amundson
Web site: www.sggfmc.com

Saskatchewan Government Insurance
2260-11th Avenue
Regina, Saskatchewan S4P 0J9
Inquiry: 1 800 667-9268
President: Andrew Cartmell
Web site: www.sgi.sk.ca
www.sgicanada.ca

Saskatchewan Gaming Corporation
2020 Saskatchewan Drive
Regina, Saskatchewan S4P 0B2
Inquiry: (306) 787-1590
President: Twyla Meredith
Web site: www.saskgaming.com

Saskatchewan Opportunities Corporation
114-15 Innovation Boulevard
Saskatoon, Saskatchewan S7N 2X8
Inquiry: 1-888-933-6295
President: Doug Tastad
Web site: www.innovationplace.com

Saskatchewan Power Corporation
2025 Victoria Avenue
Regina, Saskatchewan S4P 0S1
Inquiry: 1-888-757-6937
Acting President: Garner Mitchell
Web site: www.saskpower.com

Saskatchewan Telecommunications
2121 Saskatchewan Drive
Regina, Saskatchewan S4P 3Y2
Inquiry: 1 800-727-5835
President: Robert Watson
Web site: www.sasktel.com

Saskatchewan Transportation Company
1717 Saskatchewan Drive
Regina, Saskatchewan S4P 2E2
Inquiry: (306) 787-3347
Acting President: Shawn Grice
Web site: www.stcbus.com

Saskatchewan Water Corporation
111 Fairford Street East
Moose Jaw, Saskatchewan S6H 1C8
Inquiry: 1-888-230-1111
Acting President: Mart Cram
Web site: www.saskwater.com

SaskEnergy Incorporated
1777 Victoria Avenue
Regina, Saskatchewan S4P 4K5
Inquiry: 1 800 667-8889
President: Doug Kelln
Web site: www.saskenergy.com

[1] Investment Saskatchewan Inc. (IS) was de-listed, granted as a subsidiary Crown corporation pursuant to Orders in Council 859/2009 effective September 10, 2009. IS is continued under the authority of *The Business Corporations Act* (Saskatchewan) as CIC Asset Management Inc. with CIC as sole shareholder.

[2] SGGF MC was dissolved effective March 31, 2009.

Crown Investments Corporation
of Saskatchewan

ANNUAL REPORT
2009

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